

Nile Leatham (NV Bar No. 002838)
KOLESAR & LEATHAM
Wells Fargo Financial Center
3320 W. Sahara Ave.
Las Vegas, NV 89102
Telephone: 702.979.2357
Facsimile: 702.362.9472
E-Mail: nleatham@klnevada.com

*Electronically Filed
February 18, 2010*

Philip C. Dublin (NY Bar No. 2959344)
Abid Qureshi (NY Bar No. 2684637)
AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, NY 10036
Telephone: 212.872.1000
Facsimile: 212.872.1002

E-Mail: pdublin@akingump.com
aquareshi@akingump.com

Counsel for the First Lien Steering Committee

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA
SOUTHERN DIVISION

IN RE:

THE RHODES COMPANIES, LLC, § Case No. 09-14814-LBR
aka "Rhodes Homes," *et al.*, § Jointly Administered

Debtors.¹

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: Heritage Land Company, LLC (2918); The Rhodes Companies, LLC (3060); Rhodes Ranch General Partnership (1760); Tick, LP (0707); Glynda, LP (5569); Chalkline, LP (0281); Batcave, LP (6837); Jackknife, LP (6189); Wallboard, LP (1467); Overflow, LP (9349); Rhodes Ranch Golf and Country Club (9730); Tuscany Acquisitions, LLC (0206); Tuscany Acquisitions II, LLC (8693); Tuscany Acquisitions III, LLC (9777); Tuscany Acquisitions IV, LLC (0509); Parcel 20 LLC (5534); Rhodes Design and Development Corp. (1963); C&J Holdings, Inc. (1315); Rhodes Realty, Inc. (0716); Jarupa LLC (4090); Elkhorn Investments, Inc. (6673); Rhodes Homes Arizona, LLC (7248); Rhodes Arizona Properties, LLC (8738); Tribes Holdings LLC (4347); Six Feathers Holdings, LLC (8451); Elkhorn Partners, A Nevada Limited Partnership (9654); Bravo Inc. (2642); Gung-Ho Concrete, LLC (6966); Geronimo Plumbing, LLC (6897); Apache Framing, LLC (6352); Tuscany Golf Country Club, LLC (7132); Pinnacle Grading, LLC (4838).

Affects:	§
<input checked="" type="checkbox"/> All Debtors	§
<input type="checkbox"/> Affects the following Debtor(s)	§

§ THIRD AMENDED PLAN OF
REORGANIZATION PURSUANT
TO CHAPTER 11 OF THE
BANKRUPTCY CODE FOR THE RHODES
COMPANIES, LLC, ET AL.

AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, New York 10036
Tel: 212.872.1000 Facsimile: 212.872.1002 / aking@
aking.com

1
2 TABLE OF CONTENTS
3

	Page
4 INTRODUCTION	1
5 ARTICLE I. DEFINED TERMS, RULES OF INTERPRETATION, 6 COMPUTATION OF TIME, AND GOVERNING LAW	1
7 A. Defined Terms	1
8 B. Rules of Interpretation	15
9 C. Reference to Monetary Figures.....	16
10 ARTICLE II. ADMINISTRATIVE AND PRIORITY CLAIMS.....	16
11 A. Administrative Claims	16
12 B. Priority Tax Claims.....	17
13 ARTICLE III. CLASSIFICATION AND TREATMENT OF CLAIMS AND 14 INTERESTS	17
15 A. Classification of Claims and Interests.....	17
16 B. Treatment of Classes of Claims and Interests.....	18
17 C. Class Voting Rights	22
18 D. Bankruptcy Code Section 1111(b) Election	22
19 E. Acceptance or Rejection of the Plan.....	23
20 ARTICLE IV. PROVISIONS FOR IMPLEMENTATION OF THE PLAN	23
21 A. Substantive Consolidation	23
22 B. Sources of Consideration for Plan Distributions	24
23 C. Corporate Existence	25
24 D. Vesting of Assets in the Reorganized Debtors	26
25 E. Cancellation of Equity Securities and Related Obligations.....	26
26 F. Restructuring Steps and Transfer of Certain Interests to Newco.....	26
27 G. Restructuring Transactions	27
28 H. Corporate Action.....	28
29 I. Post-Confirmation Property Sales.....	28
30 J. Organizational Documents.....	28
31 K. Effectuating Documents, Further Transactions	28
32 L. Exemption from Certain Transfer Taxes and Recording Fees.....	29
33 M. Directors and Officers of the Reorganized Debtors.....	29
34 N. Management and Director Equity Incentive Plan.....	29
35 O. The Litigation Trust	29
36 P. Preservation of Causes of Action.....	30
37 Q. HOA Board Seats.....	31
38 R. Licensing.....	31
39 S. Transfer of Rhodes Ranch Golf Course.....	31
40 T. Cash Payment.....	33

1	U.	Transfer of Arizona Assets	33
2	V.	Trademarks and Trade Names	34
3	W.	Self Insured Retention Obligations	34
4	X.	Bond Replacement or Indemnification	34
	Y.	Stanley Engineering Litigation	35
5	ARTICLE V. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED		
6	LEASES		35
7	A.	Assumption and Rejection of Executory Contracts and Unexpired	
8		Leases.....	35
9	B.	Cure of Defaults for Assumed Executory Contracts and Unexpired	
10		Leases.....	36
11	C.	Preexisting Obligations to the Debtors Under Executory Contracts and	
12		Unexpired Leases.....	37
13	D.	Claims Based on Rejection or Repudiation of Executory Contracts and	
14		Unexpired Leases.....	37
15	E.	Intercompany Contracts, Contracts, and Leases Entered Into After the	
16		Petition Date:	38
17	F.	Home Sales	38
18	G.	Warranties	38
19	H.	Modification of Executory Contracts and Unexpired Leases Containing	
20		Equity Ownership Restrictions	38
21	I.	Modifications, Amendments, Supplements, Restatements, or Other	
22		Agreements	38
23	J.	Reservation of Rights.....	39
24	K.	Nonoccurrence of Effective Date.....	39
25	ARTICLE VI. PROCEDURES FOR RESOLVING DISPUTED CLAIMS.....		39
26	A.	Allowance of Claims.....	39
27	B.	Claims Administration Responsibilities	39
28	C.	Estimation of Claims.....	39
	D.	Adjustment to Claims Without Objection.....	40
	E.	Time to File Objections to Claims	40
	F.	Disallowance of Claims	40
	G.	Offer of Judgment	41
	H.	Amendments to Claims.....	41
29	ARTICLE VII. PROVISIONS GOVERNING DISTRIBUTIONS.....		41
30	A.	Total Enterprise Value for Purposes of Distributions Under the Plan.....	41
31	B.	Distributions on Account of Claims Allowed as of the Effective Date	41
32	C.	Distributions on Account of Claims Allowed After the Effective Date:	41
33	D.	Delivery of Distributions	43
34	E.	Claims Paid or Payable by Third Parties.	45
35	F.	Payment of \$1.5 Million to First Lien Lenders.....	46
36	G.	General Unsecured Claims Purchase	47
37	ARTICLE VIII. EFFECT OF CONFIRMATION OF THE PLAN		48

1	A.	Discharge of Claims and Termination of Interests	48	
2	B.	Subordinated Claims.....	49	
3	C.	Compromise and Settlement of Claims and Controversies	49	
4	D.	Releases by the Debtors of the Released Parties	49	
5	E.	Releases by the Debtors of the Rhodes Entities.....	50	
6	F.	Releases by First Lien Lenders of First Lien Lenders	50	
7	G.	Exculpation	51	
8	H.	Injunction	51	
9	I.	Protection Against Discriminatory Treatment.....	52	
10	J.	Setoffs	52	
11	K.	Recoupment	52	
12	L.	Release of Liens.....	53	
13	M.	Document Retention	53	
14	N.	Reimbursement or Contribution	53	
15	ARTICLE IX. ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS			53
16	A.	Professional Claims:	53	
17	B.	Other Administrative Claims	54	
18	ARTICLE X. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN			55
19	A.	Conditions to Confirmation	55	
20	B.	Conditions Precedent to the Effective Date	55	
21	C.	Waiver of Conditions Precedent	56	
22	D.	Effect of Non-Occurrence of Conditions to Consummation	57	
23	E.	Satisfaction of Conditions Precedent to Confirmation	57	
24	ARTICLE XI. MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN			57
25	A.	Modification and Amendments.....	57	
26	B.	Effect of Confirmation on Modifications	58	
27	C.	Revocation or Withdrawal of Plan.....	58	
28	ARTICLE XII. RETENTION OF JURISDICTION			59
29	ARTICLE XIII. MISCELLANEOUS PROVISIONS			61
30	A.	Immediate Binding Effect.....	61	
31	B.	Additional Documents	61	
32	C.	Payment of Statutory Fees	61	
33	D.	Dissolution of Creditors' Committee.....	61	
34	E.	Reservation of Rights.....	62	
35	F.	Successors and Assigns.....	62	
36	G.	Service of Documents:.....	62	
37	H.	Term of Injunctions or Stays.....	64	
38	I.	Entire Agreement	64	
39	J.	Governing Law	64	

1	K.	Exhibits	64
2	L.	Nonseverability of Plan Provisions.....	64
3	M.	Closing of the Chapter 11 Cases.....	65
4	N.	Waiver or Estoppel	65
5	O.	Conflicts.....	65
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			

AKIN GUMP STRAUSS HAUER & FIELD LLP
One Bryant Park
New York, New York 10036
Tel: 212.872.1000 Facsimile: 212.872.1002 / akingump.com

INTRODUCTION

The First Lien Steering Committee proposes the following third amended plan of reorganization for the resolution of outstanding Claims against, and Interests in, The Rhodes Companies, LLC and the other debtors in the above-referenced chapter 11 cases pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101–1532. Capitalized terms used in the Plan and not otherwise defined shall have the meanings ascribed to such terms in Article I.A. of the Plan. Reference is made to the Disclosure Statement, Filed contemporaneously with the Plan, for a discussion of the Debtors' history, businesses, assets, results of operations, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The First Lien Steering Committee is the proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE
ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN
THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THE
PLAN PROVIDES FOR THE SUBSTANTIVE CONSOLIDATION OF ALL OF THE
ESTATES FOR ALL PURPOSES ASSOCIATED WITH CONFIRMATION AND
DISTRIBUTIONS UNDER THE PLAN.

ARTICLE I.

DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms: As used in the Plan, the capitalized terms below have the following meanings, except as expressly provided or unless the context otherwise requires. Any term used but not defined in the Plan, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

1. Accrued Professional Compensation: At any given moment, all accrued fees and expenses for services rendered by all Professionals through and including the Effective Date, to the extent such fees and expenses have not been paid and regardless of whether a fee application has been Filed for such fees and expenses. To the extent there is a Final Order denying some or all of a Professional's fees or expenses, such denied amounts shall no longer be considered Accrued Professional Compensation.

2. Administrative Claim: A Claim for costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries, or commissions for services, and payments for goods and other services and leased premises); (b) compensation for legal, financial advisory, accounting, and other services and reimbursement of expenses Allowed pursuant to sections 328, 330(a), or 331 of the Bankruptcy Code or otherwise for the period commencing on the Petition Date and ending on the Effective Date; (c) all fees and charges assessed against the

1 Estates pursuant to chapter 123 of the Judicial Code and 28 U.S.C. § 1930; and (d) all
 2 requests for compensation or expense reimbursement for making a substantial contribution
 3 in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code.

4 3. Administrative Claim Bar Date: The deadline for filing requests for payment
 5 of Administrative Claims, which shall be thirty days after the Effective Date for all other
 6 Administrative Claims incurred after the Petition Date through the Effective Date, except
 7 with respect to Professional Claims, which shall be subject to the provisions of Article IX.

8 4. Affidavit of Publication: An affidavit of a representative or agent of a
 9 publisher of a periodical certifying that notice has been served through publication in the
 10 publisher's periodical.

11 5. Affiliate: (a) An Entity that directly or indirectly owns, controls, or holds
 12 with power to vote, twenty percent or more of the outstanding voting securities of any of the
 13 Debtors, other than an Entity that holds such securities (i) in a fiduciary or agency capacity
 14 without sole discretionary power to vote such securities or (ii) solely to secure a debt, if such
 15 Entity has not in fact exercised such power to vote; (b) a corporation twenty percent or more
 16 of whose outstanding voting securities are directly or indirectly owned, controlled, or held
 17 with power to vote, by any of the Debtors, or by an Entity that directly or indirectly owns,
 18 controls, or holds with power to vote, twenty percent or more of the outstanding voting
 19 securities of any of the Debtors, other than an Entity that holds such securities (i) in a
 20 fiduciary or agency capacity without sole discretionary power to vote such securities or (ii)
 21 solely to secure a debt, if such Entity has not in fact exercised such power to vote; (c) an
 22 Entity whose business is operated under a lease or operating agreement by any of the
 23 Debtors, or an Entity substantially all of whose property is operated under an operating
 24 agreement with any of the Debtors; (d) an Entity that operates the business or substantially
 25 all of the property of any of the Debtors under a lease or operating agreement; or (e) the
 26 Debtors' domestic, wholly-owned, direct and indirect subsidiaries that have not commenced
 27 cases under chapter 11 of the Bankruptcy Code.

28 6. Allowed: With respect to Claims and Interests: (a) any Claim or Interest,
 1 proof of which is timely Filed by the applicable Bar Date (or that by the Bankruptcy Code or
 2 Final Order is not or shall not be required to be Filed); (b) any Claim or Interest that is listed
 3 in the Schedules as of the Effective Date as not disputed, not contingent, and not
 4 unliquidated, and for which no Proof of Claim or Interest has been timely Filed; or (c) any
 5 Claim Allowed pursuant to the Plan; provided, however, that with respect to any Claim or
 6 Interest described in clauses (a) or (b) above, such Claim or Interest shall be considered
 7 Allowed only if and to the extent that (x) no objection to the allowance thereof has been
 8 interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the
 9 Bankruptcy Rules, or the Bankruptcy Court, (y) such an objection is so interposed and the
 10 Claim or Interest shall have been Allowed for distribution purposes only by a Final Order, or
 11 (z) the Debtors allow such Claim prior to the Effective Date with the consent of the First
 12 Lien Steering Committee and the Creditors' Committee or the Reorganized Debtors allow
 13 such Claim after the Effective Date in their sole and absolute discretion. Except as
 14 otherwise specified in the Plan or a Bankruptcy Court order, the amount of an Allowed
 15 Claim shall not include interest on such Claim from and after the Petition Date. For

1 purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom
 2 an amount equal to the amount of any Claim that the Debtors may hold against the Holder
 3 thereof, to the extent such Claim may be offset, recouped, or otherwise reduced under
 4 applicable law. Any Claim or Interest that has been or is hereafter listed in the Schedules as
 5 disputed, contingent, or unliquidated, and for which no Proof of Claim or Interest has been
 6 timely Filed, is not considered Allowed and shall be expunged without further action by the
 7 Reorganized Debtors and without any further notice to or action, order, or approval of the
 8 Bankruptcy Court.

9 7. Arizona Assets: Approximately 1,400 acres of land in Arizona, including
 10 four model homes, four partially-completed homes, and miscellaneous office equipment and
 11 other items of personal property including certain intellectual property.

12 8. Ballot or Ballots: The ballots upon which Holders of Impaired Claims
 13 entitled to vote shall cast their vote to accept or reject the Plan.

14 9. Bankruptcy Code: Title 11 of the United States Code, 11 U.S.C. §§ 101-
 15 1532, as applicable to the Chapter 11 Cases.

16 10. Bankruptcy Court: The United States Bankruptcy Court for the District of
 17 Nevada or any other court having jurisdiction over the Chapter 11 Cases.

18 11. Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure as applicable
 19 to the Chapter 11 Cases, promulgated pursuant to section 2075 of the Judicial Code and the
 20 general, local, and chambers rules and orders of the Bankruptcy Court.

21 12. Bar Date: August 5, 2009, except as otherwise provided in the Plan or by
 22 Bankruptcy Court order.

23 13. Beneficial Holder: The Entity holding the beneficial interest in a Claim or
 24 Interest.

25 14. Business Day: Any day, other than a Saturday, Sunday, or Legal Holiday.

26 15. Cash: Cash and cash equivalents.

27 16. Cash Collateral Order: The Bankruptcy Court order entitled, "Final
 28 Stipulated Order (I) Authorizing Use of Cash Collateral Pursuant to Sections 105, 361, 362,
 29 and 363 of the Bankruptcy Code and (II) Granting Adequate Protection and Super Priority
 30 Administrative Expense Priority to Prepetition Secured Lenders Re Debtors' Motion for
 31 Interim and Final Orders Pursuant to Sections 105, 361, 362, 363, and 364 of Debtors'
 32 Motion for Interim and Final Orders Pursuant to Sections 105, 361, 362, 363 and 364 of the
 33 Bankruptcy Code (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate
 34 Protection to the Debtors' Prepetition Secured Parties and (C) Scheduling a Final Hearing;
 35 Memorandum of Points and Authorities Filed by Zachariah Larson on Behalf of Heritage
 36 Land Company, LLC [Relates to Heritage Docket No. 35]," entered in the Chapter 11 Cases
 37 on April 30, 2009 [Rhodes Docket No. 126], as amended or extended with the consent of the
 38 First Lien Steering Committee, from time to time and in accordance with the terms thereof.

1 17. Cause of Action: Any claim, cause of action, controversy, demand, right,
 2 action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account,
 3 defense, offset, power, privilege, license, and franchise of any kind or character whatsoever,
 4 known, unknown, contingent or non-contingent, matured or unmatured, suspected or
 5 unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured,
 6 assertable directly or derivatively, whether arising before, on or after the Petition Date, in
 7 contract or in tort, in law or in equity, or pursuant to any other theory of law. Cause of
 8 Action also includes: (a) any right of setoff, counterclaim, or recoupment and any claim on
 9 contracts or for breaches of duties imposed by law or in equity; (b) the right to object to
 10 Claims or Interests; (c) any claim pursuant to sections 362, 510, 542, 543, 544 through 550,
 11 or 553 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress,
 12 and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any
 13 state law fraudulent transfer claim; (f) any claim or cause of action of any kind against any
 14 Released Party or Exculpated Party based in whole or in part upon acts or omissions
 15 occurring prior to or after the Petition Date; and (g) any claim listed in Exhibit L to the
 16 Disclosure Statement.

17 18. Certificate: Any instrument evidencing a Claim or an Interest.

18 19. Chapter 11 Cases: The chapter 11 bankruptcy cases filed by the Debtors on
 19 the Petition Date in the Bankruptcy Court, with case numbers 09-14778-LBR, 09-14861-
 20 LBR, 09-14825-LBR, 09-14843-LBR, 09-14862-LBR, 09-14837-LBR, 09-14828-LBR, 09-
 21 14820-LBR, 09-14865-LBR, 09-14822-LBR, 09-14818-LBR, 09-14860-LBR, 09-14839-
 22 LBR, 09-14856-LBR, 09-14848-LBR, 09-14868-LBR, 09-14882-LBR, 09-14846-LBR, 09-
 23 14844-LBR, 09-14854-LBR, 09-14841-LBR, 09-14814-LBR, 09-14833-LBR, 09-14866-
 24 LBR, 09-14817-LBR, 09-14853-LBR, 09-14852-LBR, 09-14850-LBR, 09-14849-LBR, 09-
 25 14858-LBR, 09-14884-LBR, 09-14887-LBR.

26 20. Claim: As defined in section 101(5) of the Bankruptcy Code.

27 21. Claims and Solicitation Agent: Omni Management Group, LLC.

28 22. Claims Objection Deadline: (i) One year from the Effective Date for all
 29 Claims other than the Rhodes Entities Claims; and (ii) sixty days from the Effective Date for
 30 the Rhodes Entities Claims.

31 23. Claims Register: The official register of Claims and Interests maintained by
 32 the Claims and Solicitation Agent.

33 24. Class: A class of Holders of Claims or Interests as set forth in the Plan.

34 25. CM/ECE: The Bankruptcy Court's Case Management and Electronic Case
 35 Filing system, which can be accessed at <https://ecf.nvb.uscourts.gov/>.

36 26. Confirmation: The entry of the Confirmation Order, subject to all conditions
 37 specified in Article X.A having been satisfied or waived pursuant to Article X.C.

1 27. Confirmation Date: The date upon which the Confirmation Order is entered
 2 by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and
 3 9021.

4 28. Confirmation Hearing: The hearing at which the Confirmation Order is first
 5 considered by the Bankruptcy Court.

6 29. Confirmation Hearing Notice: The notice approved in the Solicitation
 7 Procedures Order that sets forth in detail the voting and objection deadlines with respect to
 8 the Plan.

9 30. Confirmation Order: The order of the Bankruptcy Court confirming the Plan
 10 pursuant to section 1129 of the Bankruptcy Code.

11 31. Contingent Bond Indemnity Claim: Any Claim asserted by a bonding
 12 company due to a bond being called.

13 32. Consummation: The occurrence of the Effective Date.

14 33. Creditor: A Holder of a Claim.

15 34. Creditors' Committee: The Official Committee of Unsecured Creditors
 16 appointed in the Chapter 11 Cases.

17 35. Cure: The distribution in the ordinary course of business as soon as
 18 reasonably practicable following the Effective Date of Cash, or such other property as may
 19 be ordered by the Bankruptcy Court or agreed upon by the contracting party and (i) the
 20 Debtors and the First Lien Steering Committee, or (ii) the Reorganized Debtors in an
 21 amount equal to all unpaid monetary obligations under applicable law or such lesser amount
 22 as may be agreed upon by the parties, under an executory contract or unexpired lease
 23 assumed pursuant to section 365 of the Bankruptcy Code, to the extent such obligations are
 24 enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

25 36. Cure Bar Date: The deadline for filing requests for payment of Cure, which
 26 shall be the later of: (a) thirty days after the Effective Date or (b) thirty days after the
 27 assumption of the applicable executory contract or unexpired lease, unless otherwise ordered
 28 by the Bankruptcy Court or agreed to by the First Lien Steering Committee and the
 29 counterparty to the applicable executory contract or unexpired lease.

30 37. Debtors: The following Entities: Heritage Land Company, LLC; The
 31 Rhodes Companies, LLC; Rhodes Ranch General Partnership; Tick, LP; Glynda, LP;
 32 Chalkline, LP; Batcave, LP; Jackknife, LP; Wallboard, LP; Overflow, LP; Rhodes Ranch
 33 Golf and Country Club, LLC; Tuscany Acquisitions, LLC; Tuscany Acquisitions II, LLC;
 34 Tuscany Acquisitions III, LLC; Tuscany Acquisitions IV, LLC; Parcel 20 LLC; Rhodes
 35 Design and Development Corp.; C&J Holdings Inc.; Rhodes Realty, Inc.; Jarupa LLC;
 36 Elkhorn Investments, Inc.; Rhodes Homes Arizona, LLC; Rhodes Arizona Properties, LLC;
 37 Tribes Holdings LLC; Six Feathers Holdings, LLC; Elkhorn Partners, A Nevada Limited

1 Partnership; Bravo Inc.; Gung-Ho Concrete, LLC; Geronimo Plumbing, LLC; Apache
 2 Framing, LLC; Tuscany Golf Country Club, LLC; and Pinnacle Grading, LLC.

3 38. Debtors in Possession: The Debtors, as debtors in possession in the
 4 Chapter 11 Cases, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5 39. Disclosure Statement: The disclosure statement for the Plan describing the
 6 Plan, including all exhibits and schedules thereto, that is prepared and distributed in
 7 accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Bankruptcy
 8 Rule 3018, and other applicable law, as may be amended from time to time.

9 40. Disputed: With respect to any Claim or Interest, (i) any Claim or Interest on
 10 the Claims Register that is not yet Allowed, (ii) any Claim or Interest that is not yet Allowed
 11 pursuant to the terms of the Plan; (iii) any Claim that is not set forth on the Debtors'
 12 Schedules or (iv) any Claim objected to by the applicable Claims Objection Deadline.

13 41. Disputed Claims Reserve: The Litigation Trust Interests and distributions in
 14 respect thereof held in reserve pursuant to Article VII.

15 42. Distribution Agent: The Reorganized Debtors, or the Entity or Entities
 16 chosen by the First Lien Steering Committee, to make or to facilitate distributions pursuant
 17 to the Plan.

18 43. Distribution Date: The date occurring as soon as reasonably practicable after
 19 the Effective Date when distributions under the Plan shall commence, but not later than
 20 thirty days after the Effective Date, without further Bankruptcy Court order.

21 44. Distribution Record Date: The date for determining which Holders of
 22 Allowed Claims are eligible to receive distributions pursuant to the Plan, which shall be the
 23 Confirmation Date or such other date as designated in the Plan or a Bankruptcy Court order.

24 45. Effective Date: The date in a notice Filed by the First Lien Steering
 25 Committee on or after the eleventh day following entry of an order, in form and substance
 26 acceptable to the First Lien Steering Committee, by the Bankruptcy Court confirming the
 27 Plan and satisfaction of all conditions set forth in Article X.B. of the Plan having been
 28 satisfied or waived in accordance with the terms of the Plan; provided, however, that the
 29 Effective Date shall occur no earlier than January 1, 2010.

30 46. Entity: As defined in section 101(15) of the Bankruptcy Code.

31 47. Equity Security: Any equity security as defined in section 101(16) of the
 32 Bankruptcy Code in a Debtor.

33 48. Equity Security Holder: A Holder of an Interest.

34 49. Estate: The bankruptcy estate of any Debtor created by virtue of section 541
 35 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

1 50. Exculpated Claim: Any claims and Causes of Action arising on or after the
 2 Petition Date, including any act taken or omitted to be taken in connection with, or related
 3 to, formulating, negotiating, preparing, disseminating, implementing, administering,
 4 confirming, or consummating the Plan, in each case other than claims for gross negligence,
 5 willful misconduct or fraud.

6 51. Exculpated Party: Each of: (i) the Creditors' Committee, the First Lien
 7 Steering Committee, the First Lien Lenders and the Second Lien Lenders, and all of their
 8 respective current and former officers, directors, members, employees, advisors, attorneys,
 9 professionals, consultants, agents, or other representatives, and (ii) the Debtors' current
 10 officers, employees, advisors, attorneys, professionals, consultants, agents, or other
 11 representatives.

12 52. Federal Judgment Rate: The federal judgment rate of .59%, which was in
 13 effect as of the Petition Date.

14 53. File: To file with the Bankruptcy Court in the Chapter 11 Cases, or in the
 15 case of Proofs of Claim or Interest, to file with the Claims and Solicitation Agent.

16 54. Final Decree: The decree contemplated under Bankruptcy Rule 3022.

17 55. Final Order: As applicable, an order or judgment of the Bankruptcy Court or
 18 other court of competent jurisdiction with respect to the relevant subject matter, which has
 19 not been reversed, stayed, modified, or amended, and as to which the time to appeal or seek
 20 certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to
 21 which any appeal that has been taken or any petition for certiorari that has been or may be
 22 Filed has been resolved by the highest court to which the order or judgment was appealed or
 23 from which certiorari was sought; provided, however, that the First Lien Steering
 24 Committee or Reorganized Debtors, as appropriate, reserve the right to waive any such
 25 appeal or similar conditions of a Final Order.

26 56. First Lien Agent: The current and former agents, arranger, and bookrunner
 27 with respect to, or under, the First Lien Credit Agreement.

28 57. First Lien Credit Agreement: The first lien Credit Agreement dated as of
 November 21, 2005 (as may have been amended from time to time) among Heritage Land
 Company, LLC, The Rhodes Companies, LLC, and Rhodes Ranch General Partnership, as
 the Borrowers, the Lenders Listed Therein as Lenders, and Credit Suisse, Cayman Islands
 Branch, as Administrative Agent, Collateral Agent, Syndication Agent, Sole Bookrunner
 and Sole Lead Arranger, and the other Loan Documents (as defined in the First Lien Credit
 Agreement).

29 58. First Lien Lender Claims: All First Lien Lender Secured Claims and First
 30 Lien Lender Deficiency Claims.

31 59. First Lien Lender Secured Claim: Any Secured Claim for principal or
 32 interest under the First Lien Credit Agreement or the SWAP Transaction.

1 60. First Lien Lender Deficiency Claim: Any deficiency Claim arising under the
 2 First Lien Credit Agreement.

3 61. First Lien Lenders: (i) The First Lien Agent, (ii) the entities that hold debt
 4 under the First Lien Credit Agreement and (iii) the holders of Claims relating to under the
 SWAP Transaction.

5 62. First Lien Steering Committee: Credit Suisse Asset Management,
 6 Candlewood Special Situations Master Fund, Credit Suisse Loan Funding LLC,
 CypressTree Investment Management, LLP, General Electric Capital Corporation, Highland
 7 Capital Management, L.P., and Sorin Capital Management.

8 63. General Unsecured Claims: Any Claim (including any Allowed Rhodes
 9 Entities Claims) against any of the Debtors that is not a/n (a) Administrative Claim, (b)
 Priority Tax Claim, (c) Priority Non-Tax Claim, (d) First Lien Lender Secured Claim, (e)
 10 Second Lien Lender Secured Claim, (f) Other Secured Claim, (g) First Lien Lender
 Deficiency Claim, (h) Second Lien Lender Deficiency Claim, (i) Subordinated Claim, or (j)
 Intercompany Claim.

12 64. Government Bar Date: September 28, 2009 or, with respect to Rhodes
 13 Homes Arizona, LLC, Tuscany Golf Country Club, LLC and Pinnacle Grading, LLC,
 September 29, 2009.

14 65. Heritage Equity Securities: Members' interests and/or the interests as a
 15 noneconomic member in Heritage Land Company, LLC, a Nevada limited liability
 company.

17 66. Holder: An Entity holding a Claim or Interest, as applicable.

18 67. HOA: A homeowners' association.

19 68. Impaired: With respect to any Class of Claims or Interests, a Class of Claims
 20 or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.

21 69. Indemnification Obligation: A Debtor's obligation under an executory
 contract or otherwise to indemnify directors, officers, or employees of the Debtors who
 served in such capacity at any time, with respect to or based upon any act or omission taken
 or omitted in any of such capacities, or for or on behalf of any Debtor, pursuant to and to the
 maximum extent provided by the Debtors' respective articles of incorporation, certificates of
 formation, bylaws, similar corporate documents, and applicable law, as in effect as of the
 Effective Date, which shall be deemed rejected under the Plan.

25 70. Insider: As defined in section 101(31) of the Bankruptcy Code.

27 71. Insured Claim: A Claim arising from an incident or occurrence alleged to
 have occurred prior to the Effective Date that is covered under an insurance policy
 applicable to the Debtors or their businesses.

1 72. Intercompany Claim: A Claim held by a Debtor against another Debtor.

2 73. Intercompany Contract: A contract between two or more Debtors.

3 74. Intercompany Interest: An Interest held by a Debtor.

4 75. Interest: Any: (a) Equity Security, including all issued, unissued, authorized,
 5 or outstanding shares of stock together with any warrants, options, or contractual rights to
 6 purchase or acquire such Equity Securities at any time and all rights arising with respect
 thereto and (b) partnership, limited liability company or similar interest.

7 76. Interim Compensation Order: The Bankruptcy Court order entitled, "Order
 8 Granting Debtors' Motion for Administrative Order Pursuant to Sections 105(a) and 331 of
 9 the Bankruptcy Code and Bankruptcy Rule 2016 Establishing Procedures for Interim
 10 Monthly Compensation and Reimbursement of Expenses of Professionals [Re: Docket No.
 11 62]," entered in the Chapter 11 Cases on May 18, 2009 [Rhodes Docket No. 180], as may
 have been modified by a Bankruptcy Court order approving the retention of the
 Professionals.

12 77. Internal Revenue Code: Title 26 of the United States Code, 26 U.S.C. §§ 1–
 9833.

13 78. Judicial Code: Title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

14 79. Lien: As defined in section 101(37) of the Bankruptcy Code.

15 80. Litigation Trust: That certain litigation trust to be created on the Effective
 Date in accordance with the provisions of Article IV of the Plan and the Litigation Trust
 Agreement.

16 81. Litigation Trust Advisory Board: The advisory board formed pursuant to the
 17 Litigation Trust Agreement.

18 82. Litigation Trustee: The Person designated by the First Lien Steering
 Committee in consultation with the First Lien Agent, the Second Lien Agent and the
 Creditors' Committee on or before the Confirmation Date and retained as of the Effective
 Date to administer the Litigation Trust in accordance with the Plan and the Litigation Trust
 Agreement, and any successor appointed in accordance with the Litigation Trust Agreement.
 The identity of the Litigation Trustee shall be disclosed by the First Lien Steering
 Committee at or prior to the Confirmation Hearing.

19 83. Litigation Trust Agreement: That certain trust agreement, substantially on
 the terms set forth on Exhibit I to the Disclosure Statement and in form and substance
 acceptable to the First Lien Steering Committee, in consultation with the First Lien Agent,
 Second Lien Agent, Creditors' Committee and the Debtors, that, among other among other
 things: (a) establishes and governs the Litigation Trust (including any Litigation Trust
 Advisory Board or similar oversight committee); and (b) describes the powers, duties, and

1 responsibilities of the Litigation Trustee, the Liquidation Trust Assets, and the distribution
 2 of the proceeds thereof.

3 84. Litigation Trust Assets: All Claims and Causes of Action on which the First
 4 Lien Lenders do not have a lien and that have not been released pursuant to the Plan or order
 5 of the Bankruptcy Court. The Litigation Trust Assets shall include those set forth on Exhibit
 6 G to the Disclosure Statement.

7 85. Litigation Trust Beneficiaries: The Holders of Claims that are to be satisfied,
 8 in whole or in part, by post-Effective Date distributions that are to be made by the Litigation
 9 Trust.

10 86. Litigation Trust Funding Amount: The amount of \$100,000 to be used to
 11 initially fund the Litigation Trust, which shall be repaid to the Reorganized Debtors from the
 12 first proceeds received by the Litigation Trust.

13 87. Litigation Trust Interests: The beneficial interests in the Litigation Trust to
 14 be distributed to certain Holders of Claims in accordance with the terms of the Plan.

15 88. Management and Director Equity Incentive Plan: A post-Effective Date
 16 management and director compensation incentive plan intended for certain management,
 17 employees, consultants and directors of certain of the Reorganized Debtors.

18 89. Master Ballots: The master ballots upon which the applicable Nominee or
 19 other holder of record shall submit on behalf of the Beneficial Holders it represents the votes
 20 cast by such Beneficial Holders to accept or reject the Plan.

21 90. Mediation Settlement: The agreement in principle on a comprehensive
 22 settlement reached among the Debtors, the First Lien Steering Committee, the Creditors'
 23 Committee and the Second Lien Agent during a mediation held in Los Angeles, California
 24 on August 17, 24 and 25 of 2009 before the Honorable Richard Neiter.

25 91. Mediation Term Sheet: The document attached as Exhibit 1 to the Plan,
 26 which sets forth the terms of the Mediation Settlement.

27 93. Newco: An entity to be newly formed which will be the ultimate holding
 28 company of the Reorganized Debtors.

29 94. Newco Equity Interests: The shares of common stock in Newco or limited
 30 liability company interests in Newco initially issued and outstanding pursuant to the Plan as
 31 of the Effective Date. The Newco Equity Interests may consist of a class of full-voting
 32 equity interests (the "Class A-1 Equity Interests") and a separate class of limited-voting
 33 equity interests (the "Class A-2 Equity Interests"). To the extent applicable, each First Lien
 34 Lender shall have the option to choose to take its New Equity Interests in the form of Class
 35 A-1 Equity Interests or Class A-2 Equity Interests.

36 95. Newco LLC Operating Agreement: That certain limited liability company
 37 operating agreement which will govern Newco and shall be in form and substance

1 acceptable to the First Lien Steering Committee. A draft of the Newco LLC Operating
 2 Agreement is attached as Exhibit J to the Disclosure Statement.

3 96. Newco Total Enterprise Value: \$99.6 million, which is the midpoint range of
 4 the total enterprise value of the Reorganized Debtors set forth in the Disclosure Statement or
 5 such amount provided in the Confirmation Order as the total enterprise value of the
 6 Reorganized Debtors.

7 97. New First Lien Notes: The term notes issued pursuant to Article IV.B hereof
 8 in partial satisfaction of the First Lien Lender Secured Claims, which shall have the terms
 9 and conditions described on Exhibit 2 to the Plan.

10 98. New First Lien Notes Maturity Date: The sixth anniversary of the Effective
 11 Date.

12 99. Nominee: Any broker, dealer, commercial bank, trust company, savings and
 13 loan, financial institution, or other party in whose name securities are registered or held of
 14 record on behalf of a Beneficial Holder.

15 100. Notice of Confirmation: That certain notice pursuant to Bankruptcy Rule
 16 3020(c)(2) notifying Holders of Claims and Interests and parties in interest that the
 17 Bankruptcy Court has confirmed the Plan.

18 101. Old Equity Interests: All of the Interests in any of the Debtors and any rights,
 19 options, warrants, calls, subscriptions or other similar rights or agreements, commitments or
 20 outstanding securities obligating the Debtors to issue, transfer or sell any Interests.

21 102. Other Secured Claim: Any Secured Claim, other than a: (i) First Lien Lender
 22 Secured Claim; or (ii) Second Lien Lender Secured Claim.

23 103. Periodic Distribution Date: The first Business Day that is as soon as
 24 reasonably practicable occurring approximately ninety days after the Distribution Date, and
 25 thereafter, the first Business Day that is as soon as reasonably practicable occurring
 26 approximately ninety days after the immediately preceding Periodic Distribution Date.

27 104. Permitted Nominee: Any nominee of a First Lien Lender or Second Lien
 28 Lender that such lender has confirmed in writing to the Debtors and the First Lien Agent or
 29 Second Lien Agent (as applicable) that it is such lender's nominee for the purpose of
 30 distribution of some or all of such lender's distribution hereunder, provided that such
 31 nominee shall be an affiliate of such lender.

32 105. Person: As defined in section 101(41) of the Bankruptcy Code.

33 106. Petition Date: March 31, 2009 or, for Tuscany Golf Club, LLC, Pinnacle
 34 Grading, LLC and Rhodes Homes Arizona, LLC, April 1, 2009.

35 107. Plan: This Second Amended Plan of Reorganization for each of the Debtors
 36 pursuant to chapter 11 of the Bankruptcy Code either in its present form or as it may be

1 altered, amended, modified, or supplemented from time to time in accordance with the terms
 2 of the Plan, the Bankruptcy Code, and the Bankruptcy Rules.

3 108. Plan Proponent: The First Lien Steering Committee.

4 109. Pravada: A Rhodes Homes development located in Mohave County (vicinity
 5 of Kingman, Arizona) on approximately 1,312 acres.

6 110. Priority Non-Tax Claim: Any Claim accorded priority in right of payment
 7 pursuant to section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an
 8 Administrative Claim.

9 111. Priority Tax Claim: Any Claim of the kind specified in section 507(a)(8) of
 10 the Bankruptcy Code.

11 112. Professional: An Entity: (a) employed pursuant to a Bankruptcy Court order
 12 in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated
 13 for services rendered prior to or on the Confirmation Date, pursuant to sections 327, 328,
 14 329, 330, and 331 of the Bankruptcy Code or (b) awarded compensation and reimbursement
 15 by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

16 113. Proof of Claim: A proof of Claim Filed against any of the Debtors in the
 17 Chapter 11 Cases.

18 114. Proof of Interest: A proof of Interest Filed against any of the Debtors in the
 19 Chapter 11 Cases.

20 115. Qualified Employee: An employee that satisfies the requirements of Chapter
 21 624.260 of the Nevada Revised Statutes.

22 116. Record Date: November 24, 2009

23 117. Reinstated: (a) Leaving unaltered the legal, equitable, and contractual rights
 24 to which a Claim entitles the Holder of such Claim or Interest so as to leave such Claim
 25 Unimpaired or (b) notwithstanding any contractual provision or applicable law that entitles
 26 the Holder of a Claim or Interest to demand or receive accelerated payment of such Claim or
 27 Interest after the occurrence of a default: (i) curing any such default that occurred before or
 28 after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the
 29 Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured;
 30 (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the
 31 passage of time) of such Claim as such maturity existed before such default; (iii)
 32 compensating the Holder of such Claim or Interest for any damages incurred as a result of
 33 any reasonable reliance by such Holder on such contractual provision or such applicable
 34 law; (iv) if such Claim or Interest arises from a failure to perform a nonmonetary obligation
 35 other than a default arising from failure to operate a nonresidential real property lease
 36 subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the Holder of such
 37 Claim or Interest (other than the Debtor or an insider) for any actual pecuniary loss incurred

1 by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable
 2 or contractual rights to which such Claim entitles the Holder.

3 118. Rejection Damages Claim: Any Claim on account of the rejection of an
 4 executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

5 119. Rejection Damages Claim Deadline: The deadline to file a Rejection
 6 Damages Claim which shall be thirty days after the later of the Effective Date or the
 7 effective date of rejection or repudiation of an executory contract or unexpired lease.

8 120. Released Party: Each of: (a) the First Lien Lenders in their capacity as such;
 9 (b) the First Lien Steering Committee; (c) the Second Lien Lenders in their capacity as such;
 10 (d) with respect to each of the foregoing Entities in clauses (a) through (c), such Entities'
 11 predecessors, successors and assigns; (e) the Creditors' Committee and the members thereof
 12 in their capacity as such; (f) with respect to each of the foregoing Entities in clauses (a)
 13 through (e), such Entities' subsidiaries, affiliates, officers, members, directors, principals,
 14 employees, agents, financial advisors, attorneys, accountants, investment bankers,
 15 consultants, representatives, and other Professionals; (g) the Debtors' officers, employees
 16 (including Thomas Robinson and Joseph Schramm) and Professionals, as of the Petition
 17 Date; and (h) Paul Huygens; provided, however, that clause (g) shall not include (i) the
 18 Rhodes Entities or their affiliates; (ii) insiders of any of the Rhodes Entities (except as to
 19 Thomas Robinson and Joseph Schramm); or (iii) relatives of Rhodes.

20 121. Reorganized Debtors: The Debtors, as reorganized pursuant to and under the
 21 Plan, or any successor thereto, by merger, consolidation, or otherwise, on or after the
 22 Effective Date.

23 122. Rhodes: James M. Rhodes, in his individual capacity and any capacity
 24 related to any of the Debtors including, without limitation, as shareholder, general partner,
 25 limited partner, agent, officer or principal.

26 123. Rhodes Entities: The following Entities: Rhodes; Glynda Rhodes; John
 27 Rhodes; James M. Rhodes Dynasty Trust I; James M. Rhodes Dynasty Trust II; JMR
 28 Children's Irrevocable Educational Trust; Truckee Springs Holdings, Inc.; Sedora Holdings
 LLC; Gypsum Resources, LLC; Tulare Springs Holdings, Inc.; Escalante-Zion Investments,
 LLC; HH Trust; Harmony Homes, LLC; Tock, LP; Tapemeasure, LP; Joshua Choya, LLC;
 American Land Management, LLC; South Dakota Conservancy, LLC; Meridian Land
 Company, LLC; Yucca Land Company, LLC; Sagebrush Enterprises, Inc.; Rhodes Ranch,
 LLC; Westward Crossing, LLC; Pinnacle Equipment Rental, LLC; Desert Communities,
 Inc.; Spirit Underground, LLC; Tropicana Durango Investments, Inc.; Tropicana Durango,
 Ltd. I; Dirt Investments, LLC; Underground Technologies, LLC; South Dakota Aggregate
 and Engineering, LLC; Freedom Underground, LLC; Jerico Trust; Canberra Holdings, LLC;
 Custom Quality Homes, LLC; and Rhodes Ranch Golf, Inc.; and ID Interior Design, LLC.

27 124. Rhodes Entities Claims: Claims asserted by the Rhodes Entities.

28 125. Rhodes Entities Release: As set forth in Article VIII.E hereof.

1 126. Rhodes Ranch Golf Course: The golf course situated within the Rhodes
 2 Ranch master-planned community located in the southwestern Las Vegas valley.
 3

4 127. Roll-Up Transaction: A dissolution or winding up of the corporate existence
 5 of a Debtor or Reorganized Debtor under applicable state law or the consolidation, merger,
 6 contribution of assets, or other transaction in which a Debtor or Reorganized Debtor merges
 7 with or transfers substantially all of its assets and liabilities to another Debtor or
 8 Reorganized Debtor, on or after the Effective Date.

9 128. Schedules: The schedules of assets and liabilities, schedules of executory
 10 contracts, and statement of financial affairs, as amended from time to time, Filed by the
 11 Debtors pursuant to section 521 of the Bankruptcy Code, the official bankruptcy forms, and
 12 the Bankruptcy Rules.

13 129. Second Lien Agent: The current and former agents, arranger, and
 14 bookrunner with respect to, or under, the Second Lien Credit Agreement.
 15

16 130. Second Lien Credit Agreement: The Credit Agreement (as may have been
 17 amended from time to time) dated as of November 21, 2005 among Heritage Land
 18 Company, LLC, The Rhodes Companies, LLC, and Rhodes Ranch General Partnership, as
 19 the Borrowers, the Lenders Listed Therein, as the Lenders, and Credit Suisse, Cayman
 20 Islands Branch, as Administrative Agent, Collateral Agent, Syndication Agent, Sole
 21 Bookrunner and Sole Lead Arranger, and the other Loan Documents (as defined in the
 22 Second Lien Credit Agreement).

23 131. Second Lien Lender Claims: All Second Lien Lender Secured Claims and
 24 Second Lien Lender Deficiency Claims.
 25

26 132. Second Lien Lender Secured Claim: Any Secured Claim on account of the
 27 Second Lien Credit Agreement.
 28

29 133. Second Lien Lender Deficiency Claim: Any deficiency Claim arising under
 30 the Second Lien Credit Agreement.
 31

32 134. Second Lien Lenders: The Second Lien Agent and the entities that hold debt
 33 under the Second Lien Credit Agreement.
 34

35 135. Secured: When referring to a Claim: (a) secured by a Lien on property in
 36 which an Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to
 37 applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant
 38 to section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in
 39 the Estate's interest in such property or to the extent of the amount subject to setoff, as
 40 applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed
 41 pursuant to the Plan as a Secured Claim.
 42

43 136. Securities Act: The Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, or any
 44 similar federal, state, or local law.
 45

1 137. Security: As defined in section 2(a)(1) of the Securities Act.

2 138. Servicer: An agent, servicer, or other authorized representative of Holders of
3 Claims or Interests recognized by the Plan Proponent.

4 139. Solicitation Procedures Order: That certain order entered by the Bankruptcy
5 Court on approving certain solicitation procedures for solicitation of votes on the Plan.

6 140. Stanley Engineering Litigation: The litigation styled Rhodes Homes
7 Arizona, LLC v. Stanley Consultants, Inc., No. CV2006-011358, currently pending in the
Superior Court of Arizona, Maricopa County.

8 141. Subordinated Claim: Any Claim that is subordinated pursuant to section 510
9 of the Bankruptcy Code.

10 142. Supremacy Clause: Paragraph 2 of Article VI of the U.S. Constitution.

11 144. SWAP Transaction: That certain transaction between Credit Suisse
12 International and Heritage Land Company, LLC with Trade Date of December 9, 2005 and
CSIN External ID 53095828.

13 145. Unclaimed Distribution: Any distribution under the Plan on account of an
14 Allowed Claim to a Holder that has not: (a) accepted a particular distribution or, in the case
15 of distributions made by check, presented such check for payment within 120 days of the
date of the check; (b) given notice to the Reorganized Debtors of an intent to accept a
16 particular distribution; (c) responded to the Debtors' or Reorganized Debtors' requests for
information necessary to facilitate a particular distribution; or (d) taken any other action
17 necessary to facilitate such distribution.

18 146. Uniform Commercial Code: The Uniform Commercial Code as in effect on
the Effective Date, as enacted in the applicable state.

19 147. Unimpaired: With respect to a Class of Claims or Interests, a Class of Claims
20 or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

21 148. Unsecured Claim: Any Claim that is not secured by a Lien on property in
22 which the Debtor's Estate has an interest.

23 149. U.S. Constitution: The Constitution of the United States of America.

24 151. Voting Deadline: January 4, 2010.

25 B. Rules of Interpretation:

26 1. For purposes of the Plan: (a) whenever from the context it is appropriate,
27 each term, whether stated in the singular or the plural, shall include both the singular and the
plurals, and pronouns stated in the masculine, feminine, or neuter gender shall include the
28 masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference in

1 the Plan to a contract, instrument, release, indenture, or other agreement or document being
 2 in a particular form or on particular terms and conditions means that such document shall be
 3 substantially in such form or substantially on such terms and conditions; (c) unless otherwise
 4 specified, any reference in the Plan to an existing document, schedule, or exhibit, whether or
 5 not Filed, shall mean such document, schedule, or exhibit, as it may have been or may be
 6 amended, modified, or supplemented; (d) any reference to an Entity as a Holder of a Claim
 7 or Interest includes that Entity's successors and assigns; (e) unless otherwise specified, all
 8 references in the Plan to Articles are references to Articles of the Plan or to the Plan; (f) the
 9 words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a
 10 particular portion of the Plan; (g) subject to the provisions of any contract, certificate of
 11 incorporation, bylaw, instrument, release, or other agreement or document entered into in
 12 connection with the Plan, the rights and obligations arising pursuant to the Plan shall be
 13 governed by, and construed and enforced in accordance with applicable federal law,
 14 including the Bankruptcy Code and Bankruptcy Rules; (h) captions and headings to Articles
 15 are inserted for convenience of reference only and are not intended to be a part of or to
 16 affect the interpretation of the Plan; (i) unless otherwise set forth in the Plan, the rules of
 17 construction set forth in section 102 of the Bankruptcy Code shall apply; (j) any term used in
 18 capitalized form in the Plan that is not otherwise defined but that is used in the Bankruptcy
 19 Code or the Bankruptcy Rules shall have the meaning assigned to such term in the
 20 Bankruptcy Code or the Bankruptcy Rules, as applicable; (k) all references to docket
 21 numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers
 22 under the Bankruptcy Court's CM/ECF system; (l) all references to statutes, regulations,
 23 orders, rules of courts, and the like shall mean as amended from time to time, as applicable
 24 to the Chapter 11 Cases, unless otherwise stated; and (m) any immaterial effectuating
 25 provisions may be interpreted by the Reorganized Debtors in such a manner that is
 26 consistent with the overall purpose and intent of the Plan all without further Bankruptcy
 27 Court order.

2 2. Computation of Time: In computing any period of time prescribed or
 3 allowed, the provisions of Bankruptcy Rule 9006(a) shall apply. If the date on which a
 4 transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day,
 5 then such transaction shall instead occur on the next succeeding Business Day.

6 C. Reference to Monetary Figures: All references in the Plan to monetary figures shall
 7 refer to currency of the United States of America.

ARTICLE II. ADMINISTRATIVE AND PRIORITY CLAIMS

8 In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative
 9 Claims and Priority Tax Claims have not been classified and thus are excluded from the
 10 Classes of Claims set forth in Article III.

11 A. Administrative Claims: Each Allowed Administrative Claim shall be paid in full, in
 12 Cash, (i) on the later of (a) the Effective Date, (b) the date on which the Bankruptcy Court
 13 enters an order allowing such Allowed Administrative Claim or (c) the date on which the
 14 Reorganized Debtors or the Debtors, with the consent of the First Lien Steering Committee

(and in consultation with the First Lien Agent and Second Lien Agent) and the Holder of such Allowed Administrative Claim otherwise agree, and (ii) in such amounts as (a) are incurred in the ordinary course of business by the Debtors, (b) are Allowed by the Bankruptcy Court, (c) may be agreed upon between the Holder of such Allowed Administrative Claim and the Reorganized Debtors or the Debtors, with the consent of the First Lien Steering Committee (and in consultation with the First Lien Agent and Second Lien Agent), or (d) may otherwise be required under applicable law. Such Allowed Administrative Claims shall include costs incurred in the operation of the Debtors' businesses after the Petition Date, the allowed fees and expenses of Professionals retained by the Debtors and the Creditors' Committee and the fees due to the United States Trustee pursuant to 28 U.S.C. § 1930.

8 B. Priority Tax Claims: Allowed Priority Tax Claims shall be paid in full, in Cash,
9 upon the later of (a) the Effective Date, (b) the date upon which there is a Final Order
10 allowing such Claim as an Allowed Priority Tax Claim, (c) the date that such Allowed
11 Priority Tax Claim would have been due if the Chapter 11 Cases had not been commenced,
12 or (d) upon such other terms as may be agreed to between the Reorganized Debtors or the
13 Debtors, with the consent of the First Lien Steering Committee (and in consultation with the
14 First Lien Agent and Second Lien Agent), and any Holder of an Allowed Priority Tax
15 Claim; provided, however, that the Reorganized Debtors or Debtors, with the consent of the
16 First Lien Steering Committee (and in consultation with the First Lien Agent and Second
17 Lien Agent), in lieu of payment in full of Allowed Priority Tax Claims on the Effective
18 Date, may make Cash payments respecting Allowed Priority Tax Claims deferred to the
19 extent permitted by Section 1129(a)(9) of the Bankruptcy Code and, in such event, unless
20 otherwise provided herein, interest shall be paid on the unpaid portion of such Allowed
21 Priority Tax Claim at the Federal statutory rate; provided, further, that deferred Cash
22 payments on account of an Allowed Priority Tax Claim shall be paid quarterly over a period
23 of six years commencing with the quarter after which such Priority Tax Claim has been
24 Allowed.

ARTICLE III. **CLASSIFICATION AND TREATMENT** **OF CLAIMS AND INTERESTS**

A. Classification of Claims and Interests: All Claims and Interests, except Administrative Claims and Priority Tax Claims, are classified in the Classes set forth in Article III. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1 1. Class Identification: Below is a chart assigning each Class a letter and, in
 2 some cases, a number for purposes of identifying each separate Class.
 3

Class	Claim or Interest Type
A-1	First Lien Lender Secured Claims
A-2	Second Lien Lender Secured Claims
A-3	Other Secured Claims
B	Priority Non-Tax Claim
C-1	General Unsecured Claims
C-2	First Lien Lender Deficiency Claims
C-3	Second Lien Lender Deficiency Claims
C-4	Subordinated Claims
D	Old Equity Interests
E	Intercompany Claims

12 B. Treatment of Classes of Claims and Interests: To the extent a Class contains
 13 Allowed Claims or Interests with respect to a particular Debtor, the treatment provided to
 14 each Class for distribution purposes is specified below.

15 1. Class A-1—First Lien Lender Secured Claims

16 a. Classification: Class A-1 consists of all First Lien Lender Secured
 17 Claims.

18 b. Impairment and Voting: Class A-1 is Impaired by the Plan. Each
 19 Holder of an Allowed Claim in Class A-1 is entitled to vote to accept or reject the
 Plan.

20 c. Treatment: On the Effective Date or such other date as set forth
 21 herein, each of the First Lien Lenders (or its Permitted Nominee) shall receive on
 22 account of its Secured Claims, (w) its pro rata share of \$1.5 million in Cash from the
 23 proceeds of the First Lien Lenders' Collateral, (x) its pro rata share of 100% of the
 24 New First Lien Notes, and (y) its pro rata share of 100% of the Newco Equity
 25 Interests (subject to dilution for any Newco Equity Interests issued pursuant to a
 Management and Director Equity Incentive Plan). The \$1.5 million payment to the
 First Lien Lenders shall be allocated and deemed paid to the First Lien Lenders in
 accordance with Article VII.F. of the Plan.

26 2. Class A-2—Second Lien Lender Secured Claims

27 a. Classification: Class A-2 consists of all Second Lien Lender Secured
 28 Claims.

1 b. Impairment and Voting: Class A-2 is Impaired by the Plan. Each
 2 Holder of an Allowed Claim in Class A-2 is entitled to vote to accept or reject the
 3 Plan.

4 c. Treatment: On the Effective Date, only if the Class of Second Lien
 5 Lender Secured Claims votes in favor of the Plan, each of the Second Lien Lenders
 6 (or its Permitted Nominee) shall receive its pro rata share of a 50% interest in the
 7 Stanley Engineering Litigation, without a reduction on account of the reasonable fees
 8 and expenses of Ropes & Gray LLP and local counsel for the Second Lien Agent,
 9 subject to an aggregate cap of \$500,000, each of which such fees shall be paid in
 10 Cash to the Second Lien Agent on the Effective Date. If the Class of Second Lien
 11 Lender Secured Claims votes in favor of the Plan, upon final resolution of the
 12 Stanley Engineering Litigation, each holder of an Allowed Second Lien Lender
 13 Claim will receive its pro rata share of the net proceeds of the Stanley Engineering
 14 Litigation. If the Class of Second Lien Lender Secured Claims votes against the
 15 Plan, each of the Second Lien Lenders shall receive no recovery on account of such
 16 Secured Claims.

17 3. Class A-3—Other Secured Claims

18 a. Classification: Class A-3 consists of all Other Secured Claims.
 19 b. Impairment and Voting: Class A-3 is Unimpaired by the Plan. Each
 20 Holder of an Allowed Claim in Class A-3 is conclusively presumed to have accepted
 21 the Plan and is not entitled to vote to accept or reject the Plan.

22 c. Treatment: To the extent not satisfied by the Debtors, pursuant to
 23 Bankruptcy Court order, in the ordinary course of business prior to the Effective
 24 Date, at the option of the Reorganized Debtors on or after the Effective Date (i) an
 25 Allowed Other Secured Claim shall be Reinstated and rendered Unimpaired in
 26 accordance with section 1124(2) of the Bankruptcy Code, (ii) a Holder of an
 27 Allowed Other Secured Claim shall receive Cash in an amount equal to such
 28 Allowed Other Secured Claim, including any interest on such Allowed Other
 Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy
 Code, on the later of the Effective Date and the date such Other Secured Claim
 becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable,
 (iii) a Holder of an Allowed Other Secured Claim shall receive the Collateral
 securing both its Allowed Other Secured Claim and any interest on such Allowed
 Other Secured Claim required to be paid pursuant to section 506(b) of the
 Bankruptcy Code, or (iv) a Holder of an Allowed Other Secured Claim shall receive
 such treatment as to which such holder and the Reorganized Debtors or the Debtors,
 with the consent of the First Lien Steering Committee (and in consultation with the
 First Lien Agent and Second Lien Agent), otherwise agree.

29 4. Class B—Priority Non-Tax Claims

30 a. Classification: Class B consists of all Priority Non-Tax Claims.

1 b. Impairment and Voting: Class B is Unimpaired by the Plan. Each
 2 Holder of an Allowed Claim in Class B is conclusively presumed to have accepted
 3 the Plan and is not entitled to vote to accept or reject the Plan.

4 c. Treatment: Each Holder of an Allowed Priority Non-Tax Claim shall
 5 receive Cash in an amount equal to such Allowed Priority Non-Tax Claim on the
 6 later of the Effective Date and the date such Priority Non-Tax Claim becomes an
 7 Allowed Priority Non-Tax Claim, or as soon thereafter as is practicable, unless the
 Holder of an Allowed Priority Non-Tax Claim and the Reorganized Debtors or the
 Debtors, with the consent of the First Lien Steering Committee (and in consultation
 with the First Lien Agent and Second Lien Agent), otherwise agree.

8 5. Class C-1—General Unsecured Claims (including any Allowed Rhodes
 9 Entities Claims)

10 a. Classification: Class C-1 consists of all General Unsecured Claims
 11 including any Allowed Rhodes Entities Claims.

12 b. Impairment and Voting: Class C-1 is Impaired by the Plan. Each
 13 Holder of an Allowed Claim in Class C-1 is entitled to vote to accept or reject the
 Plan.

14 c. Treatment: On the Effective Date, each Holder of an Allowed
 15 General Unsecured Claim (including any Allowed Rhodes Entities Claims) shall
 16 receive its pro rata share of the Litigation Trust Interests allocable to the Holders of
 17 General Unsecured Claims on account of its Allowed Claim.

18 6. Class C-2—First Lien Lender Deficiency Claims

19 a. Classification: Class C-2 consists of all First Lien Lender Deficiency
 20 Claims.

21 b. Impairment and Voting: Class C-2 is Impaired by the Plan. Each
 22 Holder of an Allowed Claim in Class C-2 is entitled to vote to accept or reject the
 Plan.

23 c. Treatment: On the Effective Date, each Holder of a First Lien Lender
 24 Deficiency Claim shall receive its pro rata share of the Litigation Trust Interests
 25 allocable to the Holders of First Lien Lender Deficiency Claims on account of its
 26 Allowed Claim.

27 7. Class C-3—Second Lien Lender Deficiency Claims

28 a. Classification: Class C-3 consists of all Second Lien Lender
 Deficiency Claims.

1 b. Impairment and Voting: Class C-3 is Impaired by the Plan. Each
 2 Holder of an Allowed Claim in Class C-3 is entitled to vote to accept or reject the
 3 Plan.

4 c. Treatment: On the Effective Date, each Holder of an Allowed Second
 5 Lien Lender Deficiency Claim shall receive its pro rata share of the Litigation Trust
 6 Interests allocable to the Holders of Second Lien Lender Deficiency Claims on
 7 account of its Allowed Claim. If the Class of Second Lien Lender Secured Claims
 8 votes against the Plan, the distribution of Litigation Trust Interests allocable to the
 9 Holders of Second Lien Lender Deficiency Claims shall be subject to the reasonable
 10 fees and expenses of Ropes & Gray LLP and local counsel for the Second Lien
 11 Agent.

12 8. Class C-4—Subordinated Claims

13 a. Classification: Class C-4 consists of all Subordinated Claims. The
 14 First Lien Steering Committee does not believe there are any Subordinated Claims
 15 but has created Class C-4 out of an abundance of caution.

16 b. Impairment and Voting: Class C-4 is Impaired by the Plan. Each
 17 Holder of an Interest in Class C-4 is conclusively presumed to have rejected the Plan
 18 and is not entitled to vote to accept or reject the Plan.

19 c. Treatment: Claims subordinated under applicable law shall not
 20 receive any recovery on account of their Claims.

21 9. Class D—Old Equity Interests

22 a. Classification: Class D consists of all Old Equity Interests.

23 b. Impairment and Voting: Class D is Impaired by the Plan. Each
 24 Holder of an Interest in Class D is conclusively presumed to have rejected the Plan
 25 and is not entitled to vote to accept or reject the Plan.

26 c. Treatment: Each holder of an Old Equity Interest shall not be entitled
 27 to, and shall not receive or retain any property or interest in property on account of
 28 such Old Equity Interest.

29 10. Class E—Intercompany Claims

30 a. Classification: Class E consists of all Intercompany Claims.

31 b. Impairment and Voting: Class E is Impaired by the Plan. Each
 32 Holder of a Claim in Class E is conclusively presumed to have rejected the Plan and
 33 is not entitled to vote to accept or reject the Plan.

34 c. Treatment: At the election of the Reorganized Debtors, Intercompany
 35 Claims will be (i) reinstated, in full or in part, (ii) resolved through set-off,

1 distribution, or contribution, in full or in part, or (iii) cancelled and discharged, in
 2 full or in part, in which case such discharged and satisfied portion shall be eliminated
 3 and the Holders thereof shall not be entitled to, and shall not receive or retain, any
 property or interest in property on account of such portion under the Plan.

4 C. Class Voting Rights: The voting rights of each Class are as follows.

5 1. Classes Entitled to Vote: The following Classes are Impaired and thus
 entitled to vote to accept or reject the Plan.

Classes
A-1
A-2
C-1
C-2
C-3

12 2. Presumed Acceptance of Plan: The following Classes are Unimpaired and
 13 deemed to accept the Plan. Therefore, such Classes are not entitled to vote to accept or
 reject the Plan and the vote of such Holders of Claims and Interests shall not be solicited.

Classes
A-3
B

18 3. Presumed Rejection of Plan: The following Classes are Impaired and
 19 conclusively presumed to reject the Plan. Therefore, such Classes are not entitled to vote to
 accept or reject the Plan and the vote of such Holders of Claims or Interests shall not be
 solicited.

Class
C-4
D
E

25 D. Bankruptcy Code Section 1111(b) Election: Bankruptcy Code section
 26 1111(b)(1)(A) authorizes a class of secured claims to elect, by at least two-thirds in amount
 and more than half in number, to waive any deficiency claim otherwise assertable against
 the debtor and instead require the debtor to make payments equal to the total amount of the
 claims, with such payment obligation having a present value equal to the current value of the
 creditors' collateral. A section 1111(b) election must be made by a class of secured
 creditors at or prior to the conclusion of the hearing on the Disclosure Statement. No class

1 of Secured Claims made a section 1111(b) election at or prior to the conclusion of the
2 hearing on the Disclosure Statement. Accordingly, Bankruptcy Code section 1111(b) is not
applicable to the Plan.

E. Acceptance or Rejection of the Plan

1. Acceptance by Impaired Classes of Claims: Pursuant to Bankruptcy Code section 1126(c) and except as otherwise provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

2. Tabulation of Votes on a Consolidated Basis: The Claims and Solicitation Agent will tabulate all votes on the Plan on a consolidated basis for the purpose of determining whether the Plan satisfies Bankruptcy Code section 1129(a)(8) and (10).

3. **Cramdown:** The First Lien Steering Committee requests Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The First Lien Steering Committee reserves the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

4. Controversy Concerning Impairment: If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

ARTICLE IV.

PROVISIONS FOR IMPLEMENTATION OF THE PLAN

A. Substantive Consolidation: The Plan shall serve as a motion by the First Lien Steering Committee seeking entry of a Bankruptcy Court order substantively consolidating all of the Estates into a single consolidated Estate for all purposes associated with Confirmation and distributions to be made under the Plan.

If substantive consolidation of all of the Estates is ordered, then on and after the Effective Date, all assets and liabilities of the Debtors shall be treated as though they were merged into the Estate of The Rhodes Companies, LLC for all purposes associated with Confirmation and Consummation, and all guarantees by any Debtor of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor and any guarantee thereof by any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor shall be treated as one collective obligation of the Debtors. Substantive consolidation shall not affect the legal and organizational structure of the Reorganized Debtors or their separate corporate existences or any prepetition or postpetition guarantees, Liens, or security interests that are required to be maintained under the Bankruptcy Code, under the Plan, or in connection with contracts or leases that were assumed or entered into during the Chapter 11 Cases. All duplicative Claims (identical in both amount and subject matter) Filed against more than one of the Debtors shall be

1 automatically expunged so that only one Claim survives against the consolidated Debtors
 2 (but in no way shall such surviving Claim be deemed Allowed by reason of this Section).
 3 Any alleged defaults under any applicable agreement with the Debtors or the Reorganized
 4 Debtors arising from substantive consolidation shall be deemed Cured as of the Effective
 Date.

5 B. Sources of Consideration for Plan Distributions: The Reorganized Debtors shall
 6 fund distributions under the Plan with Cash on hand, proceeds from the Mediation
 7 Settlement, existing assets, and the issuance of the New First Lien Notes and Newco Equity
 Interests.

8 1. Newco Equity Interests: On the Effective Date, but not more than thirty days
 9 after the Effective Date for initial distributions on account of Allowed Claims, Newco shall
 10 issue Newco Equity Interests (based upon the Newco Total Enterprise Value) to the Holders
 11 of First Lien Lender Secured Claims. Each share of Class A-2 Equity Interest will be
 convertible at the option of the holder, exercisable at any time, into one Class A-1 Equity
 Interest.

12 The economic rights of the Class A-1 Equity Interests and Class A-2 Equity Interests shall
 13 be identical. The Class A-2 Equity Interests will not be entitled to general voting rights, but
 14 will be entitled to vote on an “as converted” basis (together with the holders of the Class A-1
 15 Equity Interests, as a single class) on certain non-ordinary course transactions, including
 16 (i) any authorization of, or increase in the number of authorized shares of, any class of
 17 capital stock ranking equal or senior to the Newco Equity Interests as to dividends or
 18 liquidation preference, including additional Newco Equity Interests, (ii) any amendment to
 19 the Newco’s certificate of incorporation or by-laws, (iii) any amendment to any shareholders
 20 agreement, (iv) any sale, lease or other disposition of all or substantially all of the assets of
 21 the Reorganized Debtors through one or more transactions, (v) any recapitalization,
 22 reorganization, consolidation or merger of the Reorganized Debtors, (vi) to the extent that
 23 holders of Class A-1 Equity Interests have the right to vote thereon, any issuance or entry
 24 into an agreement for the issuance of capital stock (or any options or other securities
 25 convertible into capital stock) of the Reorganized Debtors, except as may be provided for
 26 under any management incentive plan, and (vii) to the extent that holders of Class A-1
 27 Equity Interests have the right to vote thereon, any redemption, purchase or other acquisition
 28 by the Newco of any of its capital stock (except for purchases from employees upon
 termination of employment).

29 The Class A-2 Equity Interests will be entitled to a separate class vote on any
 30 amendment or modification of any rights or privileges of the Class A-2 Equity Interests that
 31 does not equally affect the Class A-1 Equity Interests. In any liquidation, dissolution or
 32 winding up of the Reorganized Debtors, all assets will be distributed to holders of the
 33 Newco Equity Interests on a pro rata basis.

34 a. Section 1145 Exemption: Pursuant to section 1145 of the Bankruptcy
 35 Code, the offering, issuance, and distribution of any Securities contemplated by the
 36 Plan and any and all settlement agreements incorporated therein, including the

1 Newco Equity Interests, shall, to the fullest extent permitted by applicable law, be
 2 exempt from, among other things, the registration requirements of section 5 of the
 3 Securities Act and any other applicable law requiring registration prior to the
 4 offering, issuance, distribution, or sale of Securities. In addition, under section 1145
 5 of the Bankruptcy Code any Securities contemplated by the Plan, including the
 6 Newco Equity Interests and New First Lien Notes, will be freely tradable and
 7 transferable by the recipients thereof, subject to (i) the provisions of section
 8 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in
 9 section 2(a)(11) of the Securities Act, and compliance with any rules and regulations
 of the Securities and Exchange Commission, if any, applicable at the time of any
 future transfer of such Securities or instruments; (ii) the restrictions, if any, on the
 transferability of such Securities and instruments set forth in the Newco LLC
 Operating Agreement, a draft of which is attached to the Disclosure Statement as
 Exhibit J; and (iii) applicable regulatory approval.

10 b. Issuance and Distribution of the Newco Equity Interests: The Newco
 11 Equity Interests, when issued or distributed as provided in the Plan, will be duly
 12 authorized, validly issued, and, if applicable, fully paid and nonassessable. Each
 13 distribution and issuance shall be governed by the terms and conditions set forth in
 14 the Plan applicable to such distribution or issuance and by the terms and conditions
 15 of the instruments evidencing or relating to such distribution or issuance, which
 16 terms and conditions shall bind each Entity receiving such distribution or issuance.

17 2. New First Lien Notes: On the Effective Date or as soon as reasonably
 18 practicable thereafter, Newco shall issue the New First Lien Notes. The Reorganized
 19 Debtors shall be co-borrowers and guarantors under the New First Lien Notes. The New
 20 First Lien Notes shall have the terms set forth on Exhibit 2 to the Plan and as otherwise
 21 provided in the terms of the documents governing the New First Lien Notes. A draft of the
 22 New First Lien Notes credit agreement is attached to the Disclosure Statement as Exhibit K.

23 3. Exit Financing: To the extent the board of directors of Newco (or such other
 24 governing body) determines that additional financing is necessary for the operation of the
 25 Reorganized Debtors' businesses, Newco and/or the Reorganized Debtors may obtain
 26 additional financing. The First Lien Steering Committee does not anticipate that additional
 27 sources of funding in addition to Cash on hand, the Newco Equity Interests and the New
 28 First Lien Notes will be necessary to fund distributions under the Plan on the Effective Date.

29 C. Corporate Existence: Except as otherwise provided in the Plan, each Debtor shall
 30 continue to exist after the Effective Date as a separate corporate entity, limited liability
 31 company, partnership, or other form, as the case may be, with all the powers of a
 32 corporation, limited liability company, partnership, or other form, as the case may be,
 33 pursuant to the applicable law in the jurisdiction in which each applicable Debtor is
 34 incorporated or formed and pursuant to the respective certificate of incorporation and
 35 bylaws (or other formation documents) in effect prior to the Effective Date, except to the
 36 extent such certificate of incorporation and bylaws (or other formation documents) are
 37 amended by the Plan or otherwise, and to the extent such documents are amended, such
 38 documents are deemed to be pursuant to the Plan and require no further action or approval.

AKIN GUMP STRAUSS HAUER & FIELD LLP
One Bryant Park
New York, New York 10036
Tel: 212.872.1000 Facsimile: 212.872.1002 / akingump.com

1 D. Vesting of Assets in the Reorganized Debtors: Except for any Claims or Causes of
 2 Action transferred to the Litigation Trust and unless otherwise provided in the Plan or any
 3 agreement, instrument, or other document incorporated therein, on the Effective Date, all
 4 property in each Estate, all Causes of Action, and any property acquired by any of the
 5 Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear
 6 of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date,
 7 except as otherwise provided in the Plan, each Reorganized Debtor may operate its business
 8 and may use, acquire, or dispose of property and compromise or settle any Claims, Interests,
 9 or Causes of Action without supervision or approval by the Bankruptcy Court and free of
 10 any restrictions of the Bankruptcy Code or Bankruptcy Rules.

1 E. Cancellation of Equity Securities and Related Obligations: On the Effective Date,
 2 except as otherwise specifically provided for in the Plan: (1) the Old Equity Interests and
 3 any other Certificate, note, bond, indenture, purchase right, option, warrant, or other
 4 instrument or document directly or indirectly evidencing or creating any indebtedness or
 5 obligation of or ownership interest in the Debtors giving rise to any Claim or Interest (except
 6 such Certificates, notes, other instruments or documents evidencing indebtedness or
 7 obligations of the Debtors that are Reinstated pursuant to the Plan), shall be cancelled solely
 8 as to the Debtors, and the Reorganized Debtors shall not have any continuing obligations
 9 thereunder and (2) the obligations of the Debtors pursuant, relating, or pertaining to any
 10 agreements, indentures, certificates of designation, bylaws, or certificate or articles of
 11 incorporation or similar documents governing the Old Equity Interests and any other
 12 Certificates, notes, bonds, indentures, purchase rights, options, warrants, or other
 13 instruments or documents evidencing or creating any indebtedness or obligation of the
 14 Debtors (except such agreements or Certificates, notes or other instruments evidencing
 15 indebtedness or obligations of the Debtors that are specifically Reinstated pursuant to the
 16 Plan) shall be released and discharged; provided, however, that notwithstanding
 17 Confirmation, any such indenture or agreement that governs the rights of the Holder of a
 18 Claim shall continue in effect solely for purposes of: (w) allowing Holders to receive
 19 distributions under the Plan; (x) allowing a Servicer to make distributions on account of
 20 such Claims as provided in the applicable governing agreement; (y) permitting such Servicer
 21 to maintain any rights and Liens it may have against property other than the Reorganized
 22 Debtors' property for fees, costs, and expenses pursuant to such indenture or other
 23 agreement; and (z) governing the rights and obligations of non-Debtor parties to such
 24 agreements vis-à-vis each other (including, without limitation, the rights and obligations of
 25 non-Debtor parties under the First Lien Credit Agreement and the Second Lien Credit
 26 Agreement, which, for the avoidance of doubt, shall not be affected by the Plan except as
 27 otherwise expressly provided in the Plan); provided, further, however, that the preceding
 28 proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy
 Code, the Confirmation Order, or the Plan, or result in any expense or liability to the
 Reorganized Debtors. The Reorganized Debtors shall not have any obligations to any
 Servicer for any fees, costs, or expenses, except as expressly otherwise provided in the Plan.

1 F. Restructuring Steps and Transfer of Certain Interests to Newco: In the event the
 2 Rhodes Entities comply with all of their obligations pursuant to the Mediation Settlement
 3 and the Plan, on the Effective Date or, in the case of step (4) below, effective the next day,
 4 the following transactions shall be deemed to have occurred in the order set forth below.

1 1. Newco shall be formed as a new limited liability company. The First Lien
 2 Lender Secured Claims shall be deemed to have been exchanged for the membership
 3 interests in Newco. Newco shall be deemed to hold all of the First Lien Lender Secured
 4 Claims. At the option of a holder, membership interests in Newco may be transferred to a
 corporation prior to Step 2.

5 2. Newco shall purchase all of the Heritage Equity Securities for \$10.00.

6 3. Contemporaneous with or subsequent to Newco's purchase of the Heritage
 7 Equity Securities, The Rhodes Companies, LLC - the general partner of each of Tick, LP;
 8 Glynda, LP; Jackknife, LP; LP; Batcave, LP; Overflow, LP; Wallboard, LP; and Chalkline,
 9 LP, --shall sell its general partnership interests in such entities to Newco for \$1.00.
 Alternatively, the membership interest in The Rhodes Companies, LLC may be acquired
 from its sole member – Sagebrush Enterprises, Inc. – in consideration for release of its
 obligations under the First Lien Lender Secured Claims.

10 4. Newco's members may agree to continue Newco as an LLC, file a check the
 11 box election effective the day after the Effective Date to treat Newco as a corporation for tax
 12 purposes, or convert into a corporation as of the day after the Effective Date.

13 In any event, to the extent any cancellation of indebtedness is derived from the
 14 foregoing transactions under the Internal Revenue Code, it shall be allocable to the holders
 15 of the Old Equity Interests as required by the Internal Revenue Code. To be clear, Newco's
 16 purchase of the Heritage Equity Securities shall occur (a) contemporaneously with or
 17 immediately before the membership interests of those entities described in Article IV.F.3,
 18 immediately above, are acquired; (b) before any debt or obligations of the Debtors are
 19 canceled or forgiven; (d) before any new notes are issued or existing debt is modified by the
 Reorganized Debtors; and (e) before any of the other acts or events contemplated in Article
 III.B, et seq., of the Plan. The holders of the Heritage Equity Securities and Newco will
 report the sale and purchase of the Heritage Equity Securities in accordance with revenue
 ruling 99-6, 1991-1 CB 432.

20 G. Restructuring Transactions: On the Effective Date or as soon as reasonably
 21 practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or
 22 appropriate to effect any transaction described in, approved by, contemplated by, or
 23 necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate
 24 agreements or other documents of merger, consolidation, or reorganization containing terms
 25 that are consistent with the terms of the Plan and that satisfy the requirements of applicable
 26 law; (2) the execution and delivery of appropriate instruments of transfer, assignment,
 27 assumption, or delegation of any property, right, liability, duty, or obligation on terms
 28 consistent with the terms of the Plan; (3) the filing of appropriate certificates of
 incorporation, merger, or consolidation with the appropriate governmental authorities
 pursuant to applicable law; (4) the Roll-Up Transactions; (5) the establishment of a
 liquidation trust or other appropriate vehicle to hold assets for sale that will not be utilized in
 the business of the Reorganized Debtors; and (6) all other actions that the Reorganized
 Debtors determine are necessary or appropriate, including the making of filings or
 recordings in connection with the relevant Roll-Up Transactions. The form of each Roll-Up

1 Transaction shall be determined by the Reorganized Debtor that is party to such Roll-Up
 2 Transaction. Implementation of the Roll-Up Transactions shall not affect any distributions,
 3 discharges, exculpations, releases, or injunctions set forth in the Plan.

4 H. Corporate Action: Each of the matters provided for by the Plan involving the
 5 corporate structure of the Debtors or corporate or related actions to be taken by or required
 6 of the Reorganized Debtors shall, as of the Effective Date, be deemed to have occurred and
 7 be effective as provided in the Plan (except to the extent otherwise indicated), and shall be
 8 authorized, approved, and, to the extent taken prior to the Effective Date, ratified in all
 9 respects without any requirement of further action by Holders of Claims or Interests,
 10 directors of the Debtors, or any other Entity. Without limiting the foregoing, such actions
 11 may include: the adoption and filing of the Newco LLC Operating Agreement; the adoption
 12 and filing of organization documents of the other Reorganized Debtors; the appointment of
 13 directors and officers for the Reorganized Debtors; and the adoption, implementation, and
 14 amendment of the Management and Director Equity Incentive Plan.

15 I. Post-Confirmation Property Sales: To the extent the Reorganized Debtors sell any
 16 of their property prior to or including the date that is one year after Confirmation, including,
 17 without limitation, the Arizona Assets, the Reorganized Debtors may elect to sell such
 18 property pursuant to sections 363, 1123, and 1146(a) of the Bankruptcy Code.

19 J. Organizational Documents: The certificates of incorporation and bylaws (or other
 20 formation documents relating to limited liability companies, limited partnerships or other
 21 forms of Entity) of the Debtors shall be in form and substance acceptable to the First Lien
 22 Steering Committee and shall be consistent with the provisions of the Plan and the
 23 Bankruptcy Code. The Newco LLC Operating Agreement shall be in form and substance
 24 acceptable to the First Lien Steering Committee. The organizational documents for Newco
 25 shall, among other things: (1) authorize issuance of the Newco Equity Interests; and (2)
 26 pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code,
 27 include a provision prohibiting the issuance of non-voting Equity Securities. On or as soon
 28 as reasonably practicable after the Effective Date, to the extent required, each of the
 Reorganized Debtors shall file new certificates of incorporation (or other formation
 documents relating to limited liability companies limited partnerships, or other forms of
 Entity) in form and substance acceptable to First Lien Steering Committee, with the
 secretary (or equivalent state officer or Entity) of the state under which each such
 Reorganized Debtor is or is to be incorporated or organized. On or as soon as reasonably
 practicable after the Effective Date, to the extent required, Newco shall file the applicable
 organizational documents with the secretary (or equivalent state officer or Entity) of the
 state under which Newco is to be incorporated or organized. After the Effective Date, each
 Reorganized Debtor may amend and restate its new certificate of incorporation and other
 constituent documents as permitted by the relevant state corporate law.

29 K. Effectuating Documents, Further Transactions: On and after the Effective Date, the
 30 Reorganized Debtors, and the officers and members of the boards of directors (or other
 31 governing bodies) thereof, are authorized to and may issue, execute, deliver, file, or record
 32 such contracts, Securities, instruments, releases, and other agreements or documents and
 33 take such actions as may be necessary or appropriate to effectuate, implement, and further

1 evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan
 2 in the name of and on behalf of the Reorganized Debtors, without the need for any
 3 approvals, authorizations, or consents except for those expressly required pursuant to the
 4 Plan.

5 L. Exemption from Certain Transfer Taxes and Recording Fees: Pursuant to section
 6 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a Reorganized Debtor or to
 7 any Entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to:
 8 (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other
 9 interest in the Debtors or the Reorganized Debtors; (2) the creation, modification,
 10 consolidation, or recording of any mortgage, deed of trust, or other security interest, or the
 11 securing of additional indebtedness by such or other means; (3) the making, assignment, or
 12 recording of any lease or sublease; or (4) the making, delivery, or recording of any deed or
 13 other instrument of transfer under, in furtherance of, or in connection with, the Plan,
 14 including any deeds, bills of sale, assignments, or other instrument of transfer executed in
 15 connection with any transaction arising out of, contemplated by, or in any way related to the
 16 Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee,
 17 intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax,
 18 Uniform Commercial Code filing or recording fee, or recording fee, or other similar tax or
 19 governmental assessment, and the appropriate state or local governmental officials or agents
 20 shall forego the collection of any such tax or governmental assessment and to accept for
 21 filing and recordation any of the foregoing instruments or other documents without the
 22 payment of any such tax or governmental assessment.

23 M. Directors and Officers of the Reorganized Debtors: On the Effective Date, the
 24 board of directors of the Reorganized Debtors or similar governing entities shall be
 25 composed of one or more members appointed by the First Lien Steering Committee. On the
 26 Effective Date, a chief executive officer or similar officer selected by the board of directors
 27 of the Reorganized Debtors shall be appointed. The identity of such officers and directors
 28 shall be disclosed at or prior to the Confirmation Hearing.

29 N. Management and Director Equity Incentive Plan: The Reorganized Debtors reserve
 30 the right to implement a Management and Director Equity Incentive Plan. The terms and
 31 conditions of any Management and Director Equity Incentive Plan shall be determined by
 32 the Board of Directors of Newco.

33 O. The Litigation Trust: On the Effective Date, the Litigation Trust will be
 34 implemented pursuant to the terms of the Litigation Trust Agreement. A draft of the
 35 Litigation Trust Agreement is attached to the Disclosure Statement as Exhibit I. On the
 36 Effective Date, pursuant to the terms of the Litigation Trust Agreement, the Debtors will
 37 transfer the Litigation Trust Assets for and on behalf of the Litigation Trust Beneficiaries,
 38 which will be the Holders of Allowed Claims in Classes C-1, C-2 and C-3. For all federal
 39 income tax purposes, the beneficiaries of the Litigation Trust shall be treated as grantors and
 40 owners thereof and it is intended that the Litigation Trust be classified as a liquidating trust
 41 under Section 301.7701-4 of the Treasury Regulations and that such trust is owned by its
 42 beneficiaries. Accordingly, for federal income tax purposes, it is intended that the Litigation
 43 Trust Beneficiaries be treated as if they had received a distribution of an undivided interest

1 in the Litigation Trust Assets and then contributed such interests to the Litigation Trust. The
 2 Litigation Trust will initially be funded with \$100,000, which amount will be transferred to
 3 the Litigation Trust on the Effective Date and which will be repaid to the Reorganized
 4 Debtors from the first proceeds received by the Litigation Trust.

5 The Litigation Trust shall issue non-transferable interests to Holders of Allowed First
 6 Lien Lender Deficiency Claims, Allowed Second Lien Lender Deficiency Claims, and
 7 Allowed General Unsecured Claims (including any Allowed Rhodes Entities Claims) with
 8 each Holder of an Allowed Claim in each of the foregoing Classes of Claims receiving its
 9 pro rata share of the Litigation Trust Interests allocable to each such Class of Claims.

10 A list of Litigation Trust Assets is attached to the Disclosure Statement as Exhibit G.
 11 The Litigation Trust Assets shall include all Claims existing against the Rhodes Entities that
 12 are not expressly released under the Plan.

13 P. Preservation of Causes of Action: In accordance with section 1123(b) of the
 14 Bankruptcy Code, except as otherwise provided in the Plan, the Reorganized Debtors and
 15 the Litigation Trust shall retain and may enforce all rights to commence and pursue, as
 16 appropriate, any and all Causes of Action, whether arising before or after the Petition Date,
 17 including any actions specifically enumerated on Exhibit L to the Disclosure Statement, and
 18 the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action
 19 shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized
 20 Debtors and the Litigation Trust, as applicable, may pursue such Causes of Action, as
 21 appropriate, in accordance with the best interests of the Reorganized Debtors and the
 22 Litigation Trust, as applicable. **No Entity may rely on the absence of a specific reference
 23 in the Plan or the Disclosure Statement to any Cause of Action against them as any
 24 indication that the Debtors, Reorganized Debtors or the Litigation Trust, as applicable,
 25 will not pursue any and all available Causes of Action against them. The Reorganized
 26 Debtors and the Litigation Trust, as applicable, expressly reserve all rights to
 27 prosecute any and all Causes of Action against any Entity, except as otherwise
 28 expressly provided in the Plan.** Unless any Causes of Action against an Entity are
 29 expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or
 30 a Bankruptcy Court order, the Reorganized Debtors and the Litigation Trust, as applicable,
 31 expressly reserve all Causes of Action for later adjudication and, therefore, no preclusion
 32 doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim
 33 preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes
 34 of Action upon, after, or as a consequence of Confirmation or the occurrence of the
 35 Effective Date.

36 The Reorganized Debtors and the Litigation Trust, as applicable, reserve and shall
 37 retain the foregoing Causes of Action notwithstanding the rejection or repudiation of any
 38 executory contract or unexpired lease during the Chapter 11 Cases or pursuant to the Plan.
 39 In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a
 40 Debtor may hold against any Entity shall vest in the Reorganized Debtors and the Litigation
 41 Trust, as the case may be, on the Effective Date. The applicable Reorganized Debtor and
 42 the Litigation Trust, as applicable, through its authorized agents or representatives, shall
 43 retain and may exclusively enforce any and all such Causes of Action belonging to it. The

1 Reorganized Debtors and the Litigation Trust, as applicable, shall have the exclusive right,
 2 authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle,
 3 compromise, release, withdraw, or litigate to judgment any such Causes of Action and to
 4 decline to do any of the foregoing without the consent or approval of any third party or
 5 further notice to or action, order, or approval of the Bankruptcy Court. Neither the
 6 Litigation Trust nor the Reorganized Debtors shall commence any litigation against the
 7 Rhodes Entities until the Bankruptcy Court rules on the allowance of the Rhodes Entities
 8 Claims set forth in Proofs of Claim, included in the Debtors' Schedules or otherwise set
 9 forth in the Mediation Term Sheet. To the extent any statute of limitations to pursue any
 10 claims belonging to the Debtors against the Rhodes Entities would lapse from the execution
 date of the Mediation Term Sheet through the Bankruptcy Court's resolution of the
 allowance of the Rhodes Entities Claims, the Rhodes Entities shall be deemed to have
 consented to an extension of the applicable statute of limitations until sixty days following
 the Bankruptcy Court's ruling on the allowance of the Rhodes Entities Claims. The
 Litigation Trust shall have no liability to any entity for any Claims or Causes of Action it
 determines not to pursue.

11 Q. **HOA Board Seats:** The Rhodes Entities shall ensure that designees identified by the
 12 Reorganized Debtors shall replace the Rhodes Entities on any HOA boards that in any way
 13 are related to the Debtors, Reorganized Debtors or their businesses and Declarant rights or
 the like shall be transferred to the Reorganized Debtors or their designee(s).

14 R. **Licensing:** The Rhodes Entities shall take commercially reasonable steps and/or
 15 enter into any agreements or similar documentation reasonably necessary to ensure the
 16 Reorganized Debtors' continued use of all of the Debtors' applicable professional licenses at
 17 no cost to the Rhodes Entities for a period of up to twelve months following the Effective
 18 Date. To the extent, Sagebrush Enterprises, Inc. shall have rescinded by September 25,
 19 2009 its revocation of its indemnity of the Nevada contractors' license held by Rhodes
 20 Design & Development Corporation and such rescission did not negatively affect the
 21 general contractor's license held by Rhodes Design & Development Corporation, Sagebrush
 22 shall be entitled to file an Administrative Claim on behalf of any and all claims asserted
 23 against Sagebrush as a result of Sagebrush being the indemnitor that arose from and after the
 24 effectiveness of Sagebrush's rescission of its indemnity through the Effective Date, provided
 25 that the allowance of such Administrative Claim shall be subject to resolution by the
 26 Bankruptcy Court and/or such other court(s) of competent jurisdiction. The Reorganized
 27 Debtors shall indemnify Sagebrush for any and all claims asserted against Sagebrush as a
 28 result of Sagebrush being the indemnitor that arise from and after the Effective Date.
 Professional licenses include, but are not limited to the Nevada State Contractor's Board
 license, and any other general business or similar licenses in any county, state, municipality
 or other jurisdiction in which the Reorganized Debtors conduct business or own assets as of
 the Effective Date. The Rhodes Entities shall use commercially reasonable efforts to
 maintain third party agreements with their real estate brokers and sales agents.

26 S. **Transfer of Rhodes Ranch Golf Course:** On the Effective Date, the applicable
 27 Rhodes Entities shall transfer their equity interests in the entity that owns the Rhodes Ranch
 28 Golf Course to the Reorganized Debtors (together with any equipment, golf carts, contracts
 or other assets determined by the First Lien Steering Committee to be necessary for the

1 operation of the Rhodes Ranch Golf Course) pursuant to the terms of a stock transfer
 2 agreement (the “Stock Transfer Agreement”) in form and substance acceptable to the First
 3 Lien Steering Committee and Rhodes, subject to any outstanding third party debt on the
 4 Rhodes Ranch Golf Course. The Stock Transfer Agreement shall contain representations by
 5 the Rhodes Entities that the entity that owns the Rhodes Ranch Golf Course does not have
 6 any liabilities other than ordinary course liabilities related to the Rhodes Ranch Golf Course
 7 and indemnification provisions in favor of the Reorganized Debtors by the Rhodes Entities
 8 for any non-ordinary course liabilities. In addition, prior to the deadline for filing objections
 9 to the Disclosure Statement, the Rhodes Entities shall provide the First Lien Steering
 10 Committee with a list of all liabilities of the entity that owns the Rhodes Ranch Golf Course,
 11 a lien analysis and copies of all contracts related to the Rhodes Ranch Golf Course and to
 12 which the entity that owns the Rhodes Ranch Golf Course is a party, each of which must be
 13 acceptable to the First Lien Steering Committee. Pursuant to the Stock Transfer Agreement
 14 governing the transfer of the equity in the entity that owns the Rhodes Ranch Golf Course to
 15 the Reorganized Debtors, the entity that owns the Rhodes Ranch Golf Course post-Effective
 16 Date shall agree to indemnify James Rhodes for any ordinary course liability first incurred
 17 post-Effective Date by such entity under any contract related to the operation of the Rhodes
 18 Ranch Golf Course for which James Rhodes has provided a personal guaranty.

19 The existing \$5.9 million third party debt outstanding on the Rhodes Ranch Golf
 20 Course shall be refinanced on or before the Effective Date, for a period of no less than
 21 twelve (12) months from the Effective Date, on terms and conditions acceptable to Rhodes
 22 and the First Lien Steering Committee. The parties will work together in good faith to
 23 refinance the existing third party debt. Upon obtaining a final commitment for refinancing
 24 for the Rhodes Ranch Golf Course, the First Lien Steering Committee will disclose such
 25 terms in a filing with the Bankruptcy Court. The \$2.4 million loan by James Rhodes to the
 26 entity that owns the Rhodes Ranch Golf Course will be contributed by James Rhodes to the
 27 entity that owns the Rhodes Ranch Golf Course and he will indemnify the Debtors, the
 28 Reorganized Debtors, Newco and the entity that owns the Rhodes Ranch Golf Course from
 any liability arising from the contribution of such loan.

19 The Reorganized Debtors shall pay the reasonable costs and expenses associated
 20 with the refinancing; provided, that the terms of such refinancing are acceptable to the First
 21 Lien Steering Committee. The First Lien Steering Committee acknowledges that the loan
 22 documentation may provide that, upon the transfer of the Rhodes Ranch Golf Course to the
 23 Reorganized Debtors on the Effective Date, additional collateral from the Reorganized
 24 Debtors may be required. The Rhodes Entities shall transfer to the Reorganized Debtors on
 25 the Effective Date any contracts related to the operation of and revenue generated by any
 26 cell towers located on the property of the Rhodes Ranch Golf Course. Any funds received
 27 after July 31, 2009 from the Las Vegas Valley Water District or other similar entity as an
 28 incentive for converting the golf course from a green course to a desert course shall be used
 for operating expenses associated with the Rhodes Ranch Golf Course, with any excess to
 become property of the Reorganized Debtors on the Effective Date.

27 Rhodes and/or his designee shall have the absolute right to repurchase the Rhodes
 28 Ranch Golf Course from the Reorganized Debtors at eight (8) years from the Effective Date
 for \$5.9 million in cash. The Reorganized Debtors may require Rhodes to purchase the

1 Rhodes Ranch Golf Course any time between four (4) and eight (8) years from the Effective
 2 Date for \$5.9 million in cash provided that the Reorganized Debtors shall provide Rhodes
 3 with at least one year advance notice of its intent to sell the Rhodes Ranch Golf Course back
 4 to Rhodes. Such transfer shall occur on the applicable anniversary date of the Effective
 5 Date. For the avoidance of doubt, if the Reorganized Debtors put the Rhodes Ranch Golf
 6 Course to Rhodes in accordance with the terms hereof and Rhodes fails to comply with his
 7 obligation to purchase the Rhodes Ranch Golf Course, Rhodes shall be deemed to have
 8 forfeited his option to purchase the Rhodes Ranch Golf Course.

9
 10 Notwithstanding anything to the contrary contained herein, if the Rhodes Ranch Golf
 11 Course is not maintained with substantially the same performance and rating criteria at the
 12 time of the repurchase request as verified by an independent third party rating agency as it
 13 was on the Effective Date (“Standard Condition”), James Rhodes can (i) require the
 14 Reorganized Debtors to cure any conditions to return the Rhodes Ranch Golf Course to its
 15 Standard Condition (provided, that the cost of such cure does not exceed \$500,000), or (ii)
 16 choose not to purchase the Rhodes Ranch Golf Course.

17 On the Effective Date, the Reorganized Debtors shall record a memorandum of
 18 agreement against the Rhodes Ranch Golf Course to evidence the above.

19 T. Cash Payment: The Rhodes Entities shall make a cash payment to the Reorganized
 20 Debtors of \$2.3 million in Cash on the Effective Date. The \$2.3 million cash payment shall
 21 be placed into an escrow account with a financial institution mutually acceptable to the First
 22 Lien Steering Committee and the Rhodes Entities within two business days after entry of the
 23 Confirmation Order and on terms mutually acceptable to the First Lien Steering Committee
 24 and the Rhodes Entities. The \$2.3 million cash payment shall be used to fund distributions
 25 under the Plan and provide working capital to the extent of any excess.

26 U. Transfer of Arizona Assets: Prior to the Effective Date, the Debtors shall obtain
 27 entry of an order of the Bankruptcy Court pursuant to which an entity selected by the
 28 Rhodes Entities shall be approved as the stalking horse bidder to acquire Pravada and the
 other Arizona Assets (the “Arizona Assets Bid Procedures Order”), plus the Golden Valley
 Ranch trademark free and clear of all liens, claims and encumbrances pursuant to section
 363(f) of the Bankruptcy Code for \$1,222,999 in cash (the “Arizona Assets Sale”);
 provided, that the non-First Lien Lender/Second Lien Lender liens do not exceed \$60,000;
 provided, further, that such assets shall not include assets owned by Pinnacle Grading
 located in Arizona and related contracts associated with the assets. The bid procedures
 submitted to the Bankruptcy Court for approval pursuant to the Arizona Assets Bid
 Procedures Order shall be acceptable to the First Lien Steering Committee, the Debtors and
 the Rhodes Entities and provide procedures for (i) competing bids to be submitted by
 qualified buyers for the Arizona Assets and (ii) the conducting of an auction, if necessary, to
 select the winning bidder for the Arizona Assets. **All Claims asserted against the Arizona
 Assets shall be deemed asserted against the Estates and shall be classified in
 accordance with Article III hereof for distribution purposes.** The Arizona Assets shall
 be transferred to the winning bidder for such assets pursuant to an order of the Bankruptcy
 Court (the “Arizona Assets Sale Order”). The terms of the Arizona Assets Sale Order shall
 be acceptable to the First Lien Steering Committee, the Reorganized Debtors and the

1 winning bidder for the Arizona Assets. The Arizona Assets may be transferred through the
 2 winning bidder's acquisition of the stock of Rhodes Arizona Properties LLC and Elkhorn
 3 Investments, Inc., in each case, as reorganized, and certain assets of Rhodes Homes Arizona
 4 LLC. Any non-real property assets or assets not included in the Arizona Assets that are
 5 titled in Rhodes Arizona Properties LLC or Elkhorn Investments, Inc. shall be transferred to
 6 Newco or one of the other Reorganized Debtors on the Effective Date. To the extent any
 7 real property assets located in Arizona are titled in any Debtor other than Rhodes Arizona
 Properties LLC, Elkhorn Investments, Inc. or Rhodes Homes Arizona, such real property
 assets shall be transferred to the winning bidder in connection with the Arizona Assets Sale.
 All intercompany claims assertable by Rhodes Arizona Properties LLC or Elkhorn
 Investments, Inc. against any other Debtor shall be deemed cancelled.

8 The Debtors shall provide James Rhodes notice of any proposed sale of the Pinnacle
 9 assets, and James Rhodes shall be granted a right to bid on the sale of such assets within 10
 10 days of such notice. The winning bidder of the Arizona Assets Sale shall permit storage of
 Pinnacle Grading equipment at current locations at no cost to the Reorganized Debtors for a
 11 period through six months following the Effective Date.

12 All executory contracts and unexpired leases associated solely with Arizona shall be
 assumed and assigned to the winning bidder of the Arizona Assets Sale, at no cost to the
 13 Debtors or the Reorganized Debtors and all cure costs associated therewith shall be borne by
 the winning bidder.

14 The Arizona Assets include certain intellectual property in which Stanley
 15 Consultants, Inc. has alleged a property interest. Notwithstanding the fact that the Arizona
 16 Assets include such intellectual property, the Debtors shall not be permitted to transfer or
 sell any intellectual property in which they do not have an ownership interest.

17 V. Trademarks and Trade Names: Within the earlier of thirty (30) days following: (i)
 18 upon completion of the buildup of all of the Reorganized Debtors' homebuilding assets and
 inventory (regardless of when such assets and inventory were acquired), or (ii) bulk sale of
 19 the remaining inventory of the Reorganized Debtors, the Reorganized Debtors shall transfer
 to James Rhodes (or his designee) the trademarks and tradenames set forth on Attachment E
 20 to the Mediation Term Sheet.

21 W. Self Insured Retention Obligations: The Reorganized Debtors shall indemnify
 22 subcontractors that are obligated under any of the Reorganized Debtors' existing insurance
 policies for any post-Effective Date self insured retention obligations paid and/or to be paid
 23 by such subcontractors pursuant to such existing insurance policies.

24 X. Bond Replacement or Indemnification: Those performance bonds guaranteed by
 25 the Rhodes Entities in favor of the Debtors shall be replaced on a renewal date by new
 performance bonds. In the alternative, subject to the Rhodes Entities being reasonably
 26 satisfied with the creditworthiness of the Reorganized Debtors, which shall be satisfied
 27 solely as of the Effective Date by the Court finding that the Plan is feasible, the existing
 28 performance bonds guaranteed by the Rhodes Entities and such guarantees shall remain in
 place. The applicable Rhodes Entity's agreement to remain a guarantor under the existing

1 performance bonds as such performance bonds may be renewed shall be at no cost to the
 2 Rhodes Entities (including, but not limited to, the payment of bond premiums). In the event
 3 the Reorganized Debtors fail to perform their obligations underlying such renewed
 4 performance bonds after the Effective Date, the Reorganized Debtors will indemnify the
 5 Rhodes Entities under such outstanding performance bonds for damages incurred by the
 6 Rhodes Entities on account of their guarantee of such performance bonds solely as a result
 7 of the Reorganized Debtors' failure to perform such obligations subsequent to the Effective
 Date. The Reorganized Debtors shall use commercially reasonable efforts to replace all
 outstanding performance bonds backstopped by Rhodes Entities within 42 months of the
 Effective Date. The Bankruptcy Court shall retain jurisdiction to resolve any disputes
 arising out of this paragraph.

8 Contingent Bond Indemnity Claims will be released in the ordinary course of business as
 9 time passes or as work on the underlying project is completed. To the extent that a
 10 Contingent Bond Indemnity Claim becomes an Allowed or estimated Claim, such
 Contingent Bond Indemnity Claim shall be treated as a General Unsecured Claim.

11 Y. Stanley Engineering Litigation In the event the Stanley Engineering Litigation is
 12 resolved either by judgment or settlement in a manner favorable to the Reorganized Debtors
 13 and such resolution does not provide for Cash consideration to be received by the
 14 Reorganized Debtors and Second Lien Lenders, the Reorganized Debtors and the Second
 15 Lien Agent, assuming the Class of Second Lien Lender Secured Claims votes in favor of the
 16 Plan, shall engage in good faith negotiations to ensure that the Second Lien Lenders receive
 17 consideration equivalent to 50% of the net value of such resolution and to determine the
 18 timing of payment of any such consideration. In the event the Reorganized Debtors and the
 Second Lien Agent are unable to agree on the amount or form of such consideration, the
 parties will submit the matter to binding arbitration with the costs thereof to be split evenly
 among the Reorganized Debtors and the Second Lien Agent (with the costs of the Second
 Lien Agent to be reimbursed from the consideration to be distributed to the Second Lien
 Lenders on account of the Stanley Engineering Litigation).

ARTICLE V. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

21 A. Assumption and Rejection of Executory Contracts and Unexpired Leases: Except
 22 as otherwise provided in the Plan, the Debtors' executory contracts or unexpired leases not
 23 assumed or rejected pursuant to a Bankruptcy Court order prior to the Effective Date shall
 24 be deemed rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, except for
 25 those executory contracts or unexpired leases: (1) listed on the schedule of "Assumed
 26 Executory Contracts and Unexpired Leases" attached to the Disclosure Statement as Exhibit
 27 N; (2) that are Intercompany Contracts, in which case such Intercompany Contracts are
 28 deemed automatically assumed by the applicable Debtor as of the Effective Date, unless
 such Intercompany Contract previously was rejected by the Debtors pursuant to a
 Bankruptcy Court order, is the subject of a motion to reject pending on the Effective Date;
 (3) that are the subject of a motion to assume or reject pending on the Effective Date (in
 which case such assumption or rejection and the effective date thereof shall remain subject
 to a Bankruptcy Court order); (4) that are subject to a motion to reject with a requested

1 effective date of rejection after the Effective Date; or (5) that are otherwise expressly
 2 assumed or rejected pursuant to the Plan. Entry of the Confirmation Order shall constitute a
 3 Bankruptcy Court order approving the assumptions or rejections of such executory contracts
 4 or unexpired leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the
 5 Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of such
 6 executory contracts and unexpired leases in the Plan are effective as of the Effective Date.
 7 Each such executory contract and unexpired lease assumed pursuant to the Plan or by
 8 Bankruptcy Court order but not assigned to a third party prior to the Effective Date shall
 9 vest in and be fully enforceable by the applicable contracting Reorganized Debtor in
 10 accordance with its terms, except as such terms may have been modified by such order.
 11 Notwithstanding anything to the contrary in the Plan, the Plan Proponent and the
 12 Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement
 13 the schedules of executory contracts or unexpired leases identified in Exhibit N to the
 Disclosure Statement at any time through and including fifteen days after the Effective Date.
 All executory contracts and unexpired leases associated solely with the Arizona Assets shall
 be assumed and assigned to the winning bidder (or its designee) to the extent set forth on the
 schedule of Assumed Executory Contracts and Unexpired Leases attached to the Disclosure
 Statement as Exhibit N, at no cost to the Debtors or the Reorganized Debtors and all Cure
 costs associated with such scheduled Arizona contracts or leases shall be borne by the
 winning bidder.

B. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases: With
 respect to each of the Debtors' executory contracts or unexpired leases listed on the schedule
 of "Assumed Executory Contracts and Unexpired Leases," the Plan Proponent shall have
 designated a proposed Cure, and the assumption of such executory contract or unexpired
 lease may be conditioned upon the disposition of all issues with respect to Cure. Any
 provisions or terms of the Debtors' executory contracts or unexpired leases to be assumed
 pursuant to the Plan that are, or may be, alleged to be in default, shall be satisfied solely by
 Cure, or by an agreed-upon waiver of Cure. Except with respect to executory contracts and
 unexpired leases in which the Plan Proponent or the Debtors, with the consent of the First
 Lien Steering Committee, and the applicable counterparties have stipulated in writing to
 payment of Cure, all requests for payment of Cure that differ from the amounts proposed by
 the Debtors must be Filed with the Court on or before the Cure Bar Date. Any request for
 payment of Cure that is not timely Filed shall be disallowed automatically and forever
 barred from assertion and shall not be enforceable against any Reorganized Debtor, without
 the need for any objection by the Reorganized Debtors or further notice to or action, order,
 or approval of the Bankruptcy Court, and any Claim for Cure shall be deemed fully satisfied,
 released, and discharged upon payment by the Debtors of the amounts listed on the proposed
 Cure schedule, notwithstanding anything included in the Schedules or in any Proof of Claim
 to the contrary; provided, however, that nothing shall prevent the Reorganized Debtors from
 paying any Cure despite the failure of the relevant counterparty to File such request for
 payment of such Cure. The Reorganized Debtors also may settle any Cure without further
 notice to or action, order, or approval of the Bankruptcy Court.

If the Debtors or Reorganized Debtors, as applicable, or First Lien Steering
 Committee object to any Cure or any other matter related to assumption, the Bankruptcy
 Court shall determine the Allowed amount of such Cure and any related issues. If there is a

1 dispute regarding such Cure, the ability of the Reorganized Debtors or any assignee to
 2 provide “adequate assurance of future performance” within the meaning of section 365 of
 3 the Bankruptcy Code, or any other matter pertaining to assumption, then Cure shall occur as
 4 soon as reasonably practicable after entry of a Final Order resolving such dispute, approving
 5 such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtors
 6 with the consent of the First Lien Steering Committee, or the Reorganized Debtors and the
 7 counterparty to the executory contract or unexpired lease. Any counterparty to an executory
 8 contract and unexpired lease that fails to object timely to the proposed assumption of any
 9 executory contract or unexpired lease will be deemed to have consented to such assumption.
 The Debtors, with the consent of the First Lien Steering Committee, or the Reorganized
 Debtors, as applicable, reserve the right either to reject or nullify the assumption of any
 executory contract or unexpired lease no later than thirty days after a Final Order
 determining the Cure or any request for adequate assurance of future performance required
 to assume such executory contract or unexpired lease.

10 Assumption of any executory contract or unexpired lease pursuant to the Plan or
 11 otherwise shall result in the full release and satisfaction of any Claims or defaults, whether
 12 monetary or nonmonetary, including defaults of provisions restricting the change in control
 13 or ownership interest composition or other bankruptcy-related defaults, arising under any
 14 assumed executory contract or unexpired lease at any time prior to the effective date of
 assumption. Any Proofs of Claim Filed with respect to an executory contract or unexpired
 lease that has been assumed shall be deemed disallowed and expunged, without further
 notice to or action, order, or approval of the Bankruptcy Court.

15 All Cure costs associated with Executory Contracts related to the Arizona Assets
 16 shall be borne by the winning bidder of the Arizona Assets Sale.

17 C. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired
Leases: Rejection or repudiation of any executory contract or unexpired lease pursuant to
 18 the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to
 19 the Debtors under such contracts or leases. In particular, notwithstanding any
 20 nonbankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not
 21 waive any right to receive, or any continuing obligation of a counterparty to provide,
 22 insurance coverage, utility services, warranties, indemnity, guarantee of workmanship, or
 23 continued maintenance obligations on goods or services previously purchased by the
 24 contracting Debtors or Reorganized Debtors, as applicable, from counterparties to rejected
 25 or repudiated executory contracts. The Reorganized Debtors expressly reserve and do not
 26 waive the right to receive coverage under any past insurance policy to extent that coverage
 has not expired under the terms of the insurance policy, regardless of whether such
 27 insurance policy is listed as an assumed contract. Similarly, the Reorganized Debtors
 28 expressly reserve and do not waive the right to receive services under any contract with a
 utility provider, regardless of whether such agreement with a utility provider is listed as an
 assumed contract.

27 D. Claims Based on Rejection or Repudiation of Executory Contracts and Unexpired
Leases: Unless otherwise provided by a Bankruptcy Court order, any Proofs of Claim
 asserting Claims arising from the rejection or repudiation of the Debtors’ executory

1 contracts and unexpired leases pursuant to the Plan or otherwise must be Filed with the
 2 Claims and Solicitation Agent no later than the Rejection Damages Claim Deadline. Any
 3 Proofs of Claim arising from the rejection or repudiation of the Debtors' executory contracts
 4 or unexpired leases that are not timely Filed by the Rejection Damages Claim Deadline shall
 5 be disallowed automatically, forever barred from assertion, and shall not be enforceable
 6 against any Reorganized Debtor without the need for any objection by the Reorganized
 7 Debtors or further notice to or action, order, or approval of the Bankruptcy Court, and any
 8 Claim arising out of the rejection or repudiation of the executory contract or unexpired lease
 9 shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the
 10 Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the
 11 rejection or repudiation of the Debtors' executory contracts and unexpired leases shall be
 12 classified as General Unsecured Claims.

13 E. Intercompany Contracts, Contracts, and Leases Entered Into After the Petition Date:
 14 Intercompany Contracts, contracts, and leases entered into after the Petition Date by any
 15 Debtor, and any executory contracts and unexpired leases assumed by any Debtor, may be
 16 performed by the applicable Reorganized Debtor in the ordinary course of business.

17 F. Home Sales: All pending home sale contracts shall be assumed by the applicable
 18 Reorganized Debtor.

19 G. Warranties: All eligible prepetition home sale contracts with one-year warranty
 20 obligations shall be performed in the ordinary course of business of the Reorganized
 21 Debtors. Upon the Effective Date, any remaining warranty obligations that are to be
 22 assumed by the Reorganized Debtors, which shall only be assumed with the consent of the
 23 First Lien Steering Committee, shall be transferred to the Reorganized Debtors. Warranty
 24 obligations that are not expressly assumed shall be rejected and treated as General
 25 Unsecured Claims.

26 H. Modification of Executory Contracts and Unexpired Leases Containing Equity
27 Ownership Restrictions: All executory contracts and unexpired leases to be assumed, or
 28 conditionally assumed, under the Plan pursuant to sections 365 and 1123 of the Bankruptcy
 Code shall be deemed so assumed, or so conditionally assumed, without giving effect to any
 provisions contained in such executory contracts or unexpired leases restricting the change
 in control or ownership interest composition of any or all of the Debtors, and upon the
 Effective Date (1) any such restrictions shall be deemed of no further force and effect and
 (2) any breaches that may arise thereunder as a result of Confirmation or Consummation
 shall be deemed waived by the applicable non-Debtor counterparty.

I. Modifications, Amendments, Supplements, Restatements, or Other Agreements:
 Unless otherwise provided in the Plan, each executory contract or unexpired lease that is
 assumed shall include all modifications, amendments, supplements, restatements, or other
 agreements that in any manner affect such executory contract or unexpired lease, and all
 executory contracts and unexpired leases related thereto, if any, including all easements,
 licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other
 interests, unless any of the foregoing agreements has been previously rejected or repudiated
 or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

J. Reservation of Rights: Neither the exclusion nor inclusion of any contract or lease on Exhibit N to the Disclosure Statement, nor anything contained in the Plan, shall constitute an admission by the Debtors or the First Lien Steering Committee that any such contract or lease is in fact an executory contract or unexpired lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, with the consent of the First Lien Steering Committee, or Reorganized Debtors shall have thirty days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

K. Nonoccurrence of Effective Date: In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any consensual request to extend the deadline for assuming or rejecting unexpired leases pursuant to section 365(d)(4) of the Bankruptcy Code.

ARTICLE VI.

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Allowance of Claims: After the Effective Date, each Reorganized Debtor shall have and retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date, including the Causes of Action referenced in Article IV.

B. Claims Administration Responsibilities: Except as otherwise specifically provided in the Plan, after the Effective Date, the Reorganized Debtors shall have the sole authority: (1) to File, withdraw, or litigate to judgment, objections to Claims; (2) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

C. Estimation of Claims: Before or after the Effective Date, the First Lien Steering Committee or the Reorganized Debtors, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero.

1 dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy
 2 Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute
 3 a maximum limitation on such Claim for all purposes under the Plan (including for purposes
 4 of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental
 5 proceedings to object to any ultimate distribution on such Claim. Notwithstanding section
 6 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been
 7 estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek
 8 reconsideration of such estimation unless such Holder has Filed a motion requesting the
 9 right to seek such reconsideration on or before twenty days after the date on which such
 10 Claim is estimated.

11 D. Adjustment to Claims Without Objection: Any Claim that has been paid or
 12 satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged
 13 on the Claims Register by the Reorganized Debtors without a Claims objection having to be
 14 Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.
 15 Beginning on the end of the first full calendar quarter that is at least ninety days after the
 16 Effective Date, the Reorganized Debtors shall publish and File every calendar quarter a list
 17 of all Claims that have been paid, satisfied, amended, or superseded during such prior
 18 calendar quarter.

19 E. Time to File Objections to Claims: Any objections to Claims shall be Filed on or
 20 before the later of (1) the applicable Claims Objection Deadline and (2) such date as may be
 21 fixed by the Bankruptcy Court, after notice and a hearing, whether fixed before or after the
 22 date that is one year after the Effective Date. Notwithstanding the foregoing, the First Lien
 23 Steering Committee, any First Lien Lender and/or the Reorganized Debtors shall have until
 24 sixty days following the Effective Date to object to the Proofs of Claim filed by the Rhodes
 25 Entities in the Debtors' chapter 11 cases (provided, that, such objections shall not seek to
 26 subordinate the Rhodes Entities Claims, if Allowed).

27 F. Disallowance of Claims: Except as set forth herein, any Claims held by an Entity
 28 from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy
 1 Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545,
 2 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to
 3 section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any
 4 distributions on account of such Claims until such time as such Causes of Action against that
 5 Entity have been settled or a Bankruptcy Court order with respect thereto has been entered
 6 and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the
 7 Reorganized Debtors or the Litigation Trust, as applicable.

8 EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED
 9 AFTER THE BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS
 10 OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION,
 11 ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH
 12 CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH
 13 CLAIMS, UNLESS ON OR BEFORE THE CONFIRMATION HEARING SUCH LATE
 14 CLAIM HAS BEEN DEEMED TIMELY FILED BY A BANKRUPTCY COURT ORDER.

1 G. Offer of Judgment: The Reorganized Debtors shall be authorized to serve upon a
 2 Holder of a Claim an offer to allow judgment to be taken on account of such Claim, and,
 3 pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall
 4 apply to such offer of judgment. To the extent the Holder of a Claim must pay the costs
 5 incurred by the Reorganized Debtors after the making of such offer, the Reorganized
 6 Debtors shall be entitled to setoff such amounts against the amount of any distribution to be
 7 paid to such Holder without any further notice to or action, order, or approval of the
 8 Bankruptcy Court.

9 H. Amendments to Claims: On or after the Effective Date, except as expressly
 10 authorized in the Plan, a Claim may not be Filed or amended without the prior authorization
 11 of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Claim
 12 Filed shall be deemed disallowed in full and expunged without any further action.

ARTICLE VII. PROVISIONS GOVERNING DISTRIBUTIONS

11 A. Total Enterprise Value for Purposes of Distributions Under the Plan: Distributions
 12 of Newco Equity Interests to Holders of Allowed First Lien Lender Secured Claims shall be
 13 based upon, among other things, the Newco Total Enterprise Value of \$99.6 million. For
 14 purposes of distribution, the Newco Equity Interests shall be deemed to have the value
 15 assigned to them based upon, among other things, the Newco Total Enterprise Value,
 16 regardless of the date of distribution.

17 B. Distributions on Account of Claims Allowed as of the Effective Date: Except as
 18 otherwise provided in the Plan, a Final Order, or as agreed to by the First Lien Steering
 19 Committee, initial distributions under the Plan on account of Claims Allowed on or before
 20 the Effective Date shall be made on the Distribution Date; provided, however, that (1) Allowed
 21 Administrative Claims with respect to liabilities incurred by the Debtors in the
 22 ordinary course of business during the Chapter 11 Cases or assumed by the Debtors prior to
 23 the Effective Date shall be paid or performed in the ordinary course of business in
 24 accordance with the terms and conditions of any controlling agreements, course of dealing,
 25 course of business, or industry practice and (2) Allowed Priority Tax Claims, unless
 26 otherwise agreed, shall be paid in full in Cash on the Distribution Date or over a five-year
 27 period as provided in section 1129(a)(9)(C) of the Bankruptcy Code with annual interest
 28 provided by applicable non-bankruptcy law.

29 C. Distributions on Account of Claims Allowed After the Effective Date:

30 1. Payments and Distributions on Disputed Claims: Except as otherwise
 31 provided in the Plan, a Final Order, or as agreed to by the First Lien Steering Committee
 32 prior to the Effective Date or the Reorganized Debtors after the Effective Date, distributions
 33 under the Plan on account of Disputed Claims that become Allowed after the Effective Date
 34 shall be made on the Periodic Distribution Date that is at least thirty days after the Disputed
 35 Claim becomes an Allowed Claim; provided, however, that (a) Disputed Administrative
 36 Claims with respect to liabilities incurred by the Debtors in the ordinary course of business
 37 during the Chapter 11 Cases or assumed by the Debtors on or before the Effective Date that

1 become Allowed after the Effective Date shall be paid or performed in the ordinary course
2 of business in accordance with the terms and conditions of any controlling agreements,
3 course of dealing, course of business, or industry practice and (b) Disputed Priority Tax
4 Claims that become Allowed Priority Tax Claims after the Effective Date, unless otherwise
5 agreed, shall be paid in full in Cash on the Periodic Distribution Date that is at least thirty
days after the Disputed Claim becomes an Allowed Claim or over a five-year period as
provided in section 1129(a)(9)(C) of the Bankruptcy Code with annual interest provided by
applicable non-bankruptcy law.

2. Special Rules for Distributions to Holders of Disputed Claims:

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed by the relevant parties: (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order and (b) any Entity that holds both an Allowed Claim and a Disputed Claim shall not receive any distribution on the Allowed Claim unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the Claim has been Allowed. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims or Interests pursuant to Article VII.C.3. Subject to Article IX.A.5, all distributions made pursuant to the Plan on account of an Allowed Claim shall be made together with any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Holders of Allowed Claims included in the applicable Class.

3. Reserve of Litigation Trust Interests: On the Effective Date, the Reorganized

Debtors shall maintain in reserve Litigation Trust Interests for distribution to Holders of Disputed Claims that become Allowed after the Effective Date. As Disputed Claims are Allowed, the Distribution Agent shall distribute, in accordance with the terms of the Plan, Litigation Trust Interests to Holders of Allowed Claims, and the Disputed Claims Reserve shall be adjusted. The Distribution Agent shall withhold in the Disputed Claims Reserve any payments or other distributions made on account of, as well as any obligations arising from, the Litigation Trust Interests initially withheld in the Disputed Claims Reserve, to the extent that such Litigation Trust Interests continue to be withheld in the Disputed Claims Reserve at the time such distributions are made or such obligations arise, and such payments or other distributions shall be held for the benefit of Holders of Disputed Claims whose Claims, if Allowed, are entitled to distributions under the Plan. The Reorganized Debtors may (but are not required to) request estimation for any Disputed Claim that is contingent or unliquidated.

Notwithstanding anything in the applicable Holder's Proof of Claim or otherwise to the contrary, the Holder of a Claim shall not be entitled to receive or recover a distribution under the Plan on account of a Claim in excess of the lesser of the amount: (a) stated in the Holder's Proof of Claim, if any, as of the Distribution Record Date, plus interest thereon to the extent provided for by the Plan; (b) if the Claim is denominated as contingent or unliquidated as of the Distribution Record Date, the amount that the Reorganized Debtors elect to withhold on account of such Claim in the Disputed Claims Reserve, or such other

1 amount as may be estimated by the Bankruptcy Court prior to the Confirmation Hearing; or
 2 (c) if a Claim has been estimated, the amount deposited in the Disputed Claim Reserve to
 3 satisfy such Claim after such estimation.

4 D. Delivery of Distributions

5 1. Record Date for Distributions: On the Distribution Record Date, the Claims
 6 Register shall be closed and any party responsible for making distributions shall be
 7 authorized and entitled to recognize only those record Holders listed on the Claims Register
 8 as of the close of business on the Distribution Record Date. Notwithstanding the foregoing,
 9 if a Claim is transferred twenty or fewer days before the Distribution Record Date, the
 10 Distribution Agent shall make distributions to the transferee only to the extent practical and
 11 in any event only if the relevant transfer form contains an unconditional and explicit
 12 certification and waiver of any objection to the transfer by the transferor.

13 2. Distribution Agent: The Distribution Agent shall make all distributions
 14 required under the Plan, except that distributions to Holders of Allowed Claims governed by
 15 a separate agreement and administered by a Servicer shall be deposited with the appropriate
 16 Servicer, at which time such distributions shall be deemed complete, and the Servicer shall
 17 deliver such distributions in accordance with the Plan and the terms of the governing
 18 agreement.

19 3. Delivery of Distributions in General: Except as otherwise provided in the
 20 Plan, and notwithstanding any authority to the contrary, distributions to Holders of Allowed
 21 Claims shall be made to Holders of record as of the Distribution Record Date by the
 22 Distribution Agent or a Servicer, as appropriate: (a) in accordance with Federal Rule of Civil
 23 Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (b) to the signatory
 24 set forth on any of the Proofs of Claim Filed by such Holder or other representative
 25 identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed
 26 or if the Debtors have been notified in writing of a change of address); (c) at the addresses
 27 set forth in any written notices of address changes delivered to the Distribution Agent after
 28 the date of any related Proof of Claim; (d) at the addresses reflected in the Schedules if no
 Proof of Claim has been Filed and the Distribution Agent has not received a written notice
 of a change of address; or (e) on any counsel that has appeared in the Chapter 11 Cases on
 the Holder's behalf. Except as otherwise provided in the Plan, distributions under the Plan
 on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like
 legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of
 the distributions in the manner set forth in the Plan. The Debtors, the First Lien Steering
 Committee, the Reorganized Debtors, and the Distribution Agent, as applicable, shall not
 incur any liability whatsoever on account of any distributions under the Plan.

29 4. Accrual of Distributions and Other Rights: For purposes of determining the
 30 accrual of distributions or other rights after the Effective Date, the Newco Equity Interests
 31 and the Litigation Trust Interests, as applicable, shall be deemed distributed as of the
 32 Effective Date regardless of the date on which they are actually issued, dated, authenticated,
 33 or distributed even though the Reorganized Debtors shall not make any such distributions or

1 distribute such other rights until distributions of the Newco Equity Interests and the
 2 Litigation Trust Interests, as applicable, actually take place.

3 5. Allocation Between Principal and Accrued Interest: Except as otherwise
 4 provided in the Plan, distributions on account of Allowed Claims shall be treated as
 allocated first to principal and thereafter to any interest.

5 6. Compliance Matters: In connection with the Plan, to the extent applicable,
 6 the Reorganized Debtors and the Distribution Agent shall comply with all tax withholding
 7 and reporting requirements imposed on them by any Governmental Unit, and all
 8 distributions pursuant to the Plan shall be subject to such withholding and reporting
 requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized
 9 Debtors and the Distribution Agent shall be authorized to take all actions necessary or
 appropriate to comply with such withholding and reporting requirements, including
 10 liquidating a portion of the distribution to be made under the Plan to generate sufficient
 11 funds to pay applicable withholding taxes, withholding distributions pending receipt of
 12 information necessary to facilitate such distributions, or establishing any other mechanisms
 they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to
 allocate all distributions made under the Plan in compliance with all applicable wage
 garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

13 7. Fractional, De Minimis, Undeliverable, and Unclaimed Distributions:

14 a. Fractional Distributions: Notwithstanding any other provision of the
 15 Plan to the contrary, payments of fractions of shares of Newco Equity Interests or
 16 fractions of Litigation Trust Interests shall not be made. The Distribution Agent
 17 shall not be required to make distributions or payments of fractions of Newco Equity
 18 Interests, Litigation Trust Interests or dollars. Whenever any payment of Cash of a
 19 fraction of a dollar or payment of a fraction of Newco Equity Interests or fraction of
 20 Litigation Trust Interests pursuant to the Plan would otherwise be required, the actual
 payment shall reflect a rounding of such fraction to the nearest whole dollar (up or
 down), with half dollars, half Newco Equity Interests or half Litigation Trust
 Interests or less being rounded down.

21 b. Undeliverable Distributions: If any distribution to a Holder of an
 22 Allowed Claim is returned to a Distribution Agent as undeliverable, no further
 23 distributions shall be made to such Holder unless and until such Distribution Agent is
 24 notified in writing of such Holder's then-current address, at which time all currently
 25 due missed distributions shall be made to such Holder on the next Periodic
 26 Distribution Date. Undeliverable distributions shall remain in the possession of the
 Reorganized Debtors until such time as a distribution becomes deliverable, or such
 distribution reverts to the Reorganized Debtors pursuant to Article VII.D.7.c, and
 shall not be supplemented with any interest, dividends, or other accruals of any kind.

27 c. Reversion: Any distribution under the Plan that is an Unclaimed
 28 Distribution for a period of six months after distribution shall be deemed unclaimed
 property under section 347(b) of the Bankruptcy Code and such Unclaimed

1 Distribution shall vest in the Reorganized Debtors and, to the extent such
 2 Unclaimed Distribution is a distribution of Newco Equity Interests, such Newco
 3 Equity Interests shall be deemed cancelled. Upon such vesting, the Claim of any
 4 Holder or its successors with respect to such property shall be cancelled, discharged,
 5 and forever barred notwithstanding any applicable federal or state escheat,
 6 abandoned, or unclaimed property laws to the contrary. The provisions of the Plan
 7 regarding undeliverable distributions and Unclaimed Distributions shall apply with
 8 equal force to distributions that are issued by the Debtors, made pursuant to any
 9 indenture or Certificate (but only with respect to the initial distribution by the
 Servicer to Holders that are entitled to be recognized under the relevant indenture or
 Certificate and not with respect to Entities to whom those recognized Holders
 distribute), notwithstanding any provision in such indenture or Certificate to the
 contrary and notwithstanding any otherwise applicable federal or state escheat,
 abandoned, or unclaimed property law.

10 8. Manner of Payment Pursuant to the Plan: Any payment in Cash to be made
 11 pursuant to the Plan shall be made at the election of the Reorganized Debtors by check or by
 12 wire transfer. Checks issued by the Distribution Agent or applicable Servicer on account of
 13 Allowed Claims shall be null and void if not presented within 120 days after issuance, but
 may be requested to be reissued until the distribution vests in the Reorganized Debtors
 pursuant to Article VII.D.7.c.

14 9. Surrender of Cancelled Instruments or Securities: On the Effective Date or
 15 as soon as reasonably practicable thereafter, each Holder of a Certificate shall surrender
 16 such Certificate to the Distribution Agent or a Servicer (to the extent the relevant Claim or
 17 Interest is governed by an agreement and administered by a Servicer). Such Certificate shall
 18 be cancelled solely with respect to the Debtors, and such cancellation shall not alter the
 19 obligations or rights of any non-Debtor third parties vis-à-vis one another with respect to
 20 such Certificate. No distribution of property pursuant to the Plan shall be made to or on
 21 behalf of any such Holder that is a Holder of a Claim unless and until such Certificate is
 22 received by the Distribution Agent or the Servicer or the unavailability of such Certificate is
 23 reasonably established to the satisfaction of the Distribution Agent or the Servicer. Any
 24 Holder of a Claim who fails to surrender or cause to be surrendered such Certificate or fails
 25 to execute and deliver an affidavit of loss and indemnity acceptable to the Distribution
 Agent or the Servicer prior to the first anniversary of the Effective Date, shall have its Claim
 discharged with no further action, be forever barred from asserting any such Claim against
 the relevant Reorganized Debtor or its property, be deemed to have forfeited all rights and
 Claims with respect to such Certificate, and not participate in any distribution under the
 Plan; furthermore, all property with respect to such forfeited distributions, including any
 dividends or interest attributable thereto, shall revert to the Reorganized Debtors,
 notwithstanding any federal or state escheat, abandoned, or unclaimed property law to the
 contrary.

26 E. Claims Paid or Payable by Third Parties.

27 1. Claims Paid by Third Parties: The Claims and Solicitation Agent shall
 28 reduce in full a Claim, and such Claim shall be disallowed without a Claims objection

1 having to be Filed and without any further notice to or action, order, or approval of the
 2 Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on
 3 account of such Claim from a party that is not a Debtor or Reorganized Debtor. Further, to
 4 the extent a Holder of a Claim receives a distribution on account of such Claim and receives
 5 payment from a party that is not a Debtor or a Reorganized Debtor on account of such
 6 Claim, such Holder shall, within two weeks of receipt thereof, repay or return the
 7 distribution to the applicable Reorganized Debtor, to the extent the Holder's total recovery
 8 on account of such Claim from the third party and under the Plan exceeds the amount of
 9 such Claim as of the date of any such distribution under the Plan. The failure of such Holder
 10 to timely repay or return such distribution shall result in the Holder owing the applicable
 11 Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed
 12 for each Business Day after the two-week grace period specified above until the amount is
 13 repaid.

14 2. Claims Payable by Insurance: Holders of Insured Claims that are covered by
 15 the Debtors' insurance policies shall seek payment of such Claims from applicable insurance
 16 policies, provided that the Reorganized Debtors shall have no obligation to pay any amounts
 17 in respect of pre-petition deductibles or self insured retention amounts. Allowed Insured
 18 Claim amounts in excess of available insurance shall be treated as General Unsecured
 19 Claims. No distributions under the Plan shall be made on account of an Allowed Claim that
 20 is payable pursuant to one of the Debtors' insurance policies until the Holder of such
 21 Allowed Claim has exhausted all remedies with respect to such insurance policy. To the
 22 extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim (if and to the
 23 extent adjudicated by a court of competent jurisdiction), then immediately upon such
 24 insurers' agreement, such Claim may be expunged to the extent of any agreed upon
 25 satisfaction on the Claims Register by the Claims and Solicitation Agent without a Claims
 26 objection having to be Filed and without any further notice to or action, order, or approval of
 27 the Bankruptcy Court.

28 3. Applicability of Insurance Policies: Distributions to Holders of Allowed
 1 Claims shall be in accordance with the provisions of any applicable insurance policy.
 2 Except for Claims and Causes of Action released under the Plan to the Released Parties and
 3 Exculpated Parties, nothing contained in the Plan shall constitute or be deemed a waiver of
 4 any Cause of Action that the Debtors or any Entity may hold against any other Entity,
 5 including insurers under any policies of insurance, nor shall anything contained herein
 6 constitute or be deemed a waiver by such insurers of any defenses, including coverage
 7 defenses, held by such insurers.

8 F. Payment of \$1.5 Million to First Lien Lenders: The \$1,500,000 in Cash payable to
 9 the Holders of First Lien Lender Secured Claims from the proceeds of their Collateral
 10 pursuant to Article III.B.1. shall be paid as follows: (i) \$400,000 on the Effective Date and
 11 (ii) the remaining up to \$1,100,000 in five quarterly installments of \$220,000 beginning on
 12 the first day of the fourth month following the Effective Date; provided, that the
 13 Reorganized Debtors shall have the right to defer up to two quarterly payments, with such
 14 deferred amount(s) to be paid on the next quarterly payment date (and the amount scheduled
 15 to be paid on such quarterly payment date deferred for another quarter; provided that the full
 16 \$1.5 million payment shall be made to the Holders of First Lien Lender Secured Claims

1 within eighteen months of the Effective Date). Notwithstanding the foregoing, in the event
 2 that, as of the Effective Date, the third party debt on the Rhodes Ranch Golf Course has
 3 been refinanced on terms and conditions acceptable to the First Lien Steering Committee
 4 and the Reorganized Debtors have unrestricted cash of at least \$3.5 million (after taking into
 5 account any amounts required to be paid to reduce the amount of third party debt on the
 6 Rhodes Ranch Golf Course below \$5.9 million and without taking into consideration
 7 amounts that may have been borrowed under any exit facility unless such amounts were
 8 used to pay-down debt on the Rhodes Ranch Golf Course, in which case any amounts used
 9 to pay-down debt on the Rhodes Ranch Golf Course will be deemed to reduce unrestricted
 10 cash on a dollar for dollar basis), then the initial \$400,000 payment to the First Lien Lenders
 11 will be increased as follows: (i) if unrestricted cash (as calculated above) is equal to or
 12 greater than \$3.5 million but less than \$4.5 million, the \$400,000 payment shall be increased
 13 to \$700,000; (ii) if unrestricted cash (as calculated above) is equal to or greater than \$4.5
 14 million but less than \$5.5 million, the \$400,000 payment shall be increased to \$1,000,000;
 15 and (iii) if unrestricted cash (as calculated above) is equal to or greater than \$5.5 million, the
 16 \$400,000 payment shall be increased to \$1.5 million, in each case with the subsequent
 17 quarterly installments reduced by a corresponding amount to provide for equal payments
 18 over the payout periods discussed above. In no event shall the aggregate Cash payments to
 19 the First Lien Lenders exceed \$1.5 million. Notwithstanding the foregoing, upon the receipt
 20 of the proceeds of the Arizona Assets Sale, the amount received will be deemed to have
 21 been received on the Effective Date for purposes of determining the amount to be paid to the
 22 Holders of First Lien Lender Secured Claims on the next quarterly installment payment date.
 23

24 G. General Unsecured Claims Purchase: The First Lien Lenders have agreed to use the
 25 aggregate \$1.5 million Cash payment provided to them under the Plan to acquire those
 26 General Unsecured Claims of the Creditors listed on the schedule attached to the Disclosure
 27 Statement as Exhibit H (the “Claim Purchase Schedule”) to the extent such Claims remain
 28 outstanding as of the Effective Date; provided that (i) each Holder of a Claim so listed is the
 original Holder of such Claim and (ii) such Claim(s) is ultimately Allowed.

29 The Claim Purchase Schedule shall delineate whether such Claims are Allowed or
 30 Disputed and Claims may be purchased only to the extent ultimately Allowed. **Claims**
 31 **included on the Claim Purchase Schedule shall be purchased (subject to the conditions**
 32 **contained in Article VII.G of the Plan) for the amounts listed for such Claims under**
 33 **the heading “Allowed Amount (Claim Purchase Amount)” on the Claim Purchase**
 34 **Schedule. Payments on account of the purchased Allowed Claims listed on the Claim**
 35 **Purchase Schedule shall be made on the same time frame as the First Lien Lenders**
 36 **receive their allocable Cash payments under Article VII.F of the Plan, with the First**
 37 **Lien Steering Committee determining the order in which Claims are purchased**
 38 **(which, in the first instance, shall be the order in which they are listed on the Claim**
 39 **Purchase Schedule).** For the avoidance of doubt, any claim listed on the Claim Purchase
 40 Schedule that is disputed, will not be purchased until allowed and only to the extent the
 41 aggregate purchase price for all claims purchased inclusive of such newly allowed claims
 42 are equal to or less than \$1.5 million. Claims subsequently allowed will be purchased in the
 43 order in which they are allowed. The First Lien Lenders reserve the right to modify the
 44 Claim Purchase Schedule prior to or subsequent to the Effective Date without further Court
 45 order; provided, that a Creditor may be removed from the Claim Purchase Schedule only to
 46

1 the extent that (i) its Claims are not ultimately Allowed, (ii) its Claims are subject to setoff
 2 (other than under section 547 of the Bankruptcy Code); (iii) such Creditor sells its Claim to
 3 a party other than the First Lien Lenders pursuant to Article VII.G of the Plan or (iv) the full
 4 \$1.5 million has been used to purchase other Allowed Claims on the Claim Purchase
 5 Schedule before such Creditor's Claim is Allowed.

6 The First Lien Lenders shall be subrogated to the rights of Creditors whose Claims
 7 are purchased hereunder and any distributions otherwise allocable to the Holders of Claims
 8 purchased by the First Lien Lenders shall be distributed pro rata to the Holders of First Lien
 9 Lender Secured Claims. The Reorganized Debtors shall be authorized to make the
 10 foregoing payments to the Creditors on the Claim Purchase Schedule on behalf of the First
 11 Lien Lenders with a corresponding reduction in the \$1.5 million payable to the First Lien
 12 Lenders. Under no circumstances shall the First Lien Lenders (either directly or through the
 13 Reorganized Debtors) pay in excess of \$1.5 million in the aggregate for the Claims on the
 14 Claim Purchase Schedule. The First Lien Steering Committee may, in its sole discretion
 15 (but after consultation with the Debtors and the Creditors' Committee), add Claims to the
 16 Claim Purchase Schedule at any time; provided that the amount to be paid for all such
 17 Claims listed on the Claim Purchase Schedule does not exceed \$1.5 million in the aggregate
 18 regardless of the total amount of Allowed Claims reflected on the Claim Purchase Schedule.
 19 In the event that Allowed Claims in excess of \$1.5 million are listed on the Claim Purchase
 20 Schedule, Holders of Claims listed on the Claim Purchase Schedule shall have the right to
 21 accept or decline payment of less than 100 cents on account of their Claims from the First
 22 Lien Lenders. No Creditor listed on the Claim Purchase Schedule shall receive in excess of
 23 100 cents on the dollar for its Claim, and the Reorganized Debtors shall not pursue Claims
 24 under Bankruptcy Code section 547 against any Creditor whose Claim is purchased in
 25 accordance with this Article VII.G. The Plan shall serve as the notice of transfer of Claim
 26 required under Bankruptcy Rule 3001(e). If no objections are received by the Voting
 27 Deadline, the First Lien Lenders shall be authorized upon the Effective Date to effectuate
 28 the foregoing Claim purchase transactions.

ARTICLE VIII. EFFECT OF CONFIRMATION OF THE PLAN

1 A. Discharge of Claims and Termination of Interests: Pursuant to section 1141(d) of
 2 the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the
 3 distributions, rights, and treatment that are provided in the Plan shall be in complete
 4 satisfaction, discharge, and release, effective as of the Effective Date, of Claims, Interests,
 5 and Causes of Action of any nature whatsoever, including any interest accrued on Claims or
 6 Interests from and after the Petition Date, whether known or unknown, against, liabilities of,
 7 Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or
 8 properties, regardless of whether any property shall have been distributed or retained
 9 pursuant to the Plan on account of such Claims and Interests, including demands, liabilities,
 10 and Causes of Action that arose before the Effective Date, any liability (including
 11 withdrawal liability) to the extent such Claims or Interests relate to services performed by
 12 employees of the Debtors prior to the Effective Date and that arise from a termination of any
 13 employee, regardless of whether such termination occurred prior to or after the Effective
 14 Date, any contingent or non-contingent liability on account of representations or warranties

1 issued on or before the Effective Date, and all debts of the kind specified in sections 502(g),
 2 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim
 3 or Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to
 4 section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or
 5 Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of
 6 such a Claim or Interest has accepted the Plan. Any default by the Debtors with respect to
 7 any Claim or Interest that existed immediately prior to or on account of the filing of the
 8 Chapter 11 Cases shall be deemed Cured on the Effective Date. The Confirmation Order
 9 shall be a judicial determination of the discharge of all Claims and Interests subject to the
 10 Effective Date occurring.

11 B. Subordinated Claims: The allowance, classification, and treatment of all Allowed
 12 Claims and Interests and the respective distributions and treatments under the Plan take into
 13 account and conform to the relative priority and rights of the Claims and Interests in each
 14 Class in connection with any contractual, legal, and equitable subordination rights relating
 15 thereto, whether arising under general principles of equitable subordination,
 16 section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the
 17 Bankruptcy Code, the Plan Proponent or Reorganized Debtors, as applicable, reserve the
 18 right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal,
 19 or equitable subordination relating thereto.

20 C. Compromise and Settlement of Claims and Controversies: Pursuant to section 363
 21 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions
 22 and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a
 23 good faith compromise of all Claims, Interests, and controversies relating to the contractual,
 24 legal, and subordination rights that a Holder of a Claim may have with respect to any
 25 Allowed Claim or Interest, or any distribution to be made on account of such an Allowed
 26 Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy
 27 Court's approval of the compromise or settlement of all such Claims, Interests, and
 28 controversies, as well as a finding by the Bankruptcy Court that such compromise or
 settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and
 Interests and is fair, equitable, and reasonable. In accordance with the provisions of the
 Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without
 any further notice to or action, order, or approval of the Bankruptcy Court, after the
 Effective Date, the Reorganized Debtors may compromise and settle Claims against them
 and Causes of Action against other Entities.

29 D. Releases by the Debtors of the Released Parties:

30 Pursuant to section 1123(b) of the Bankruptcy Code and except as otherwise
 31 specifically provided in the Plan, for good and valuable consideration, including the
 32 service of the Released Parties to facilitate the expeditious reorganization of the
 33 Debtors and the implementation of the restructuring contemplated by the Plan, and as
 34 part of the global settlement described in Article I.B. of the Disclosure Statement, on
 35 and after the Effective Date, the Released Parties are deemed released by the Debtors,
 36 the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights,
 37 suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any

1 derivative Claims asserted on behalf of the Debtors, taking place on or before the
 2 Effective Date, whether known or unknown, foreseen or unforeseen, existing or
 3 hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized
 4 Debtors or the Estates would have been legally entitled to assert in their own right
 5 (whether individually or collectively) or on behalf of the Holder of any Claim or
 6 Interest or other Entity, based on or relating to, or in any manner arising from, in
 7 whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of
 8 the purchase or sale of any Security of the Debtors, the subject matter of, or the
 9 transactions or events giving rise to, any Claim or Interest that is treated in the Plan,
 10 the business or contractual arrangements between any Debtor and any of the Released
 11 Parties, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases,
 12 the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or
 13 related agreements, instruments, or other documents, upon any other act or omission,
 14 transaction, agreement, event, or other occurrence taking place on or before the
 15 Effective Date.

16 E. **Releases by the Debtors of the Rhodes Entities:** The Rhodes Entities shall be
 17 deemed released from any and all Claims, obligations, rights, suits, damages, Causes of
 18 Action, remedies, and liabilities whatsoever arising under chapter 5 of the Bankruptcy
 19 Code with respect to transfers made by the Debtors to the Rhodes Entities during the 2
 20 years prior to the Petition Date; provided, however, that such release shall only apply
 21 to transfers expressly set forth in the Schedules as Filed with the Bankruptcy Court as
 22 of August 1, 2009 or as disclosed in Attachment B to the Mediation Term Sheet.

23 F. **Releases by First Lien Lenders of First Lien Lenders:** Pursuant to Bankruptcy
 24 Rule 9019, and except as otherwise specifically provided in the Plan, to the extent a
 25 First Lien Lender elects on its Ballot to release the First Lien Lenders in accordance
 26 with this Section VIII.F., for good and valuable consideration, on and after the
 27 Effective Date, each of the First Lien Lenders electing to grant this release, shall be
 28 deemed to release each of the other First Lien Lenders that has elected to grant this
 release and each of their affiliates from any and all Claims, obligations, rights, suits,
 damages, Causes of Action, remedies, and liabilities whatsoever, whether known or
 unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or
 otherwise, that such First Lien Lender would have been legally entitled to assert
 against any other First Lien Lender that elected to grant this release, based on or
 relating to, or in any manner arising from, in whole or in part, the First Lien Credit
 Agreement, the First Lien Lender Claims, any other claims arising under or related to
 the First Lien Credit Agreement, the Debtors, the Chapter 11 Cases, the subject matter
 of, or the transactions or events giving rise to any First Lien Lender Claim, the
 restructuring of the First Lien Lender Claims prior to or during the Chapter 11 Cases,
 the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or
 related agreements, instruments, or other documents, upon any other act or omission,
 transaction, agreement, event, or other occurrence taking place on or before the
 Effective Date; with such releases constituting an express waiver and relinquishment
 by each First Lien Lender electing to grant this release of any claims, whether known
 or unknown that such First Lien Lender may have under Section 1542 of the
 California Civil code or other analogous state or federal law related to the matters

1 being released; provided, however, that Claims or liabilities arising out of or relating to
 2 any act or omission of any First Lien Lender or any of its affiliates that constitutes
 gross negligence or willful misconduct shall not be released.

3 G. **Exculpation:** Except as otherwise specifically provided in the Plan, no
 4 Exculpated Party shall have or incur, and each Exculpated Party is hereby released
 and exculpated from any Claim, obligation, Cause of Action, or liability to one another
 5 or to any Exculpating Party for any Exculpated Claim, except for gross negligence,
 willful misconduct or fraud, but in all respects such Entities shall be entitled to
 reasonably rely upon the advice of counsel with respect to their duties and
 6 responsibilities pursuant to the Plan. The Debtors, the First Lien Steering Committee
 and the Reorganized Debtors (and each of their respective agents, members, directors,
 officers, employees, advisors, and attorneys) have, and upon Confirmation of the Plan
 shall be deemed to have, participated in good faith and in compliance with the
 applicable provisions of the Bankruptcy Code with regard to the distributions of the
 Securities pursuant to the Plan, and therefore are not, and on account of such
 distributions shall not be, liable at any time for the violation of any applicable law,
 rule, or regulation governing the solicitation of acceptances or rejections of the Plan or
 such distributions made pursuant to the Plan.

7 H. **Injunction** Except as otherwise expressly provided in the Plan or for
 8 obligations issued pursuant to the Plan, all Entities who have held, hold, or may hold
 9 Claims against the Debtors, and all Entities holding Interests, are permanently
 enjoined, from and after the Effective Date, from: (1) commencing or continuing in any
 manner any action or other proceeding of any kind against the Debtors or Reorganized
 10 Debtors on account of or in connection with or with respect to any such Claims or
 Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means
 11 any judgment, award, decree or order against the Debtors or Reorganized Debtors on
 account of or in connection with or with respect to any such Claims or Interests;
 (3) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors
 or Reorganized Debtors or the property or estates of the Debtors or Reorganized
 12 Debtors on account of or in connection with or with respect to any such Claims or Interests;
 (4) asserting any right of setoff, subrogation, or recoupment of any kind
 13 against any obligation due from the Debtors or Reorganized Debtors or against the
 property or Estates of the Debtors or Reorganized Debtors on account of or in
 connection with or with respect to any such Claims or Interests unless such Holder has
 14 Filed a motion requesting the right to perform such setoff on or before the
 Confirmation Date, and notwithstanding an indication in a Proof of Claim or Interest
 15 or otherwise that such Holder asserts, has, or intends to preserve any right of setoff
 pursuant to section 553 of the Bankruptcy Code or otherwise (provided, that, to the
 extent the Rhodes Entities Claims are Allowed, the Rhodes Entities, without the need
 16 to file any such motion, shall retain the right to assert a setoff against any Claims or
 Causes of Action that the Reorganized Debtors or Litigation Trust may assert against
 17 the Rhodes Entities, with the Reorganized Debtors and Litigation Trust, as applicable,
 reserving the right to challenge the propriety of any such attempted setoff, with any
 18 such challenge to be resolved by the Bankruptcy Court); and (5) commencing or
 continuing in any manner any action or other proceeding of any kind on account of or

1 in connection with or with respect to any such Claims or Interests released or settled
 2 pursuant to the Plan.

3 I. Protection Against Discriminatory Treatment: Consistent with section 525 of the
 4 Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including
 5 Governmental Units, shall not discriminate against the Reorganized Debtors or deny,
 6 revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar
 7 grant to, condition such a grant to, discriminate with respect to such a grant against, the
 8 Reorganized Debtors, or another Entity with whom such Reorganized Debtors have been
 9 associated, solely because one of the Debtors has been a debtor under chapter 11, has been
 10 insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11
 11 Cases but before the Debtor is granted or denied a discharge) or has not paid a debt that is
 12 dischargeable in the Chapter 11 Cases.

13 J. Setoffs: Except as otherwise expressly provided for in the Plan, each
 14 Reorganized Debtor, pursuant to the Bankruptcy Code (including section 553 of the
 15 Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the
 16 Holder of a Claim, may setoff against any Allowed Claim and the distributions to be
 17 made pursuant to the Plan on account of such Allowed Claim (before any distribution
 18 is made on account of such Allowed Claim), any Claims, rights, and Causes of Action
 19 of any nature that such Debtor, Reorganized Debtor or the Litigation Trust, as
 20 applicable, may hold against the Holder of such Allowed Claim, to the extent such
 21 Claims, rights, or Causes of Action against such Holder have not been otherwise
 22 compromised or settled on or prior to the Effective Date (whether pursuant to the Plan
 23 or otherwise); provided, however, that neither the failure to effect such a setoff nor the
 24 allowance of any Claim pursuant to the Plan shall constitute a waiver or release by
 25 such Reorganized Debtor or the Litigation Trust of any such Claims, rights, and
 26 Causes of Action that such Reorganized Debtor or the Litigation Trust may possess
 27 against such Holder. In no event shall any Holder of Claims be entitled to setoff any
 28 Claim against any Claim, right, or Cause of Action of the Debtor or Reorganized
 29 Debtor, as applicable, unless such Holder has Filed a motion with the Bankruptcy
 30 Court requesting the authority to perform such setoff on or before the Confirmation
 31 Date, and notwithstanding any indication in any Proof of Claim or otherwise that such
 32 Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 or
 33 otherwise; provided, however, that, to the extent the Rhodes Entities Claims are
 34 Allowed, the Rhodes Entities, without the need to file any such motion, shall retain the
 35 right to assert a setoff against any Claims or Causes of Action that the Reorganized
 36 Debtors or Litigation Trust may assert against the Rhodes Entities, with the
 37 Reorganized Debtors and Litigation Trust, as applicable, reserving the right to
 38 challenge the propriety of any such attempted setoff, with any such challenge to be
 39 resolved by the Bankruptcy Court.

40 K. Recoupment: In no event shall any Holder of Claims or Interests be entitled to
 41 recoup any Claim or Interest against any Claim, right, or Cause of Action of the
 42 Debtors or the Reorganized Debtors, as applicable, unless such Holder actually has
 43 performed such recoupment and provided notice thereof in writing to the Debtors and
 44 the First Lien Steering Committee on or before the Confirmation Date,

1 **notwithstanding any indication in any Proof of Claim or Interest or otherwise that
2 such Holder asserts, has, or intends to preserve any right of recoupment.**

3 L. Release of Liens: Except as otherwise provided in the Plan or in any contract,
4 instrument, release, or other agreement or document created pursuant to the Plan, on the
5 Effective Date and concurrently with the applicable distributions made pursuant to the Plan,
6 all mortgages, deeds of trust, Liens, pledges, or other security interests against any property
7 of the Estates shall be fully released, and discharged, and all of the right, title, and interest of
8 any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall
9 revert to the Reorganized Debtors and their successors and assigns. Upon the Effective
10 Date, the Confirmation Order shall be binding upon and govern the acts of all entities,
11 including, without limitation, all filing agents, filing officers, title agents, title companies,
12 recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies,
13 governmental departments, secretaries of state, federal and local officials, and all other
14 persons and entities who may be required by operation of law, the duties of their office, or
15 contract, to release any mortgages, deeds of trust, Liens, pledges or other security interests
16 against any property of the Estates; and each of the foregoing persons and entities is hereby
17 directed to accept for filing the Confirmation Order any and all of the documents and
18 instruments necessary and appropriate to effectuate the discharge.

19 M. Document Retention: On and after the Effective Date, the Reorganized Debtors
20 may maintain documents in accordance with their current document retention policy, as may
21 be altered, amended, modified, or supplemented by the Reorganized Debtors in the ordinary
22 course of business. On the Effective Date, the Reorganized Debtors and the Rhodes Entities
23 shall enter into an access agreement on terms mutually acceptable to such parties that shall
24 provide for the Rhodes Entities to have reasonable access to all of the Debtors' books and
25 records in existence as of the Effective Date.

26 N. Reimbursement or Contribution: If the Bankruptcy Court disallows a Claim for
27 reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the
28 Bankruptcy Code, then to the extent that such Claim is contingent as of the time of
allowance or disallowance, such Claim shall be forever disallowed notwithstanding section
502(j) of the Bankruptcy Code, unless prior to the Effective Date: (1) such Claim has been
adjudicated as noncontingent or (2) the relevant Holder of a Claim has Filed a noncontingent
Proof of Claim on account of such Claim and a Final Order has been entered determining
such Claim as no longer contingent.

ARTICLE IX.

ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

25 A. Professional Claims:

26 1. Final Fee Applications: All final requests for payment of Claims of a
27 Professional shall be Filed no later than forty-five days after the Effective Date. After notice
28 and a hearing in accordance with the procedures established by the Bankruptcy Code and
prior Bankruptcy Court orders, the Allowed amounts of such Professional Claims shall be
determined by the Bankruptcy Court.

1 2. Payment of Interim Amounts: Except as otherwise provided in the Plan,
 Professionals shall be paid pursuant to the Interim Compensation Order.

2 3. Reimbursable Expenses: The reasonable fees and expenses incurred by (i)
 the First Lien Agent, including its professionals, to the extent provided by the First Lien
 Credit Agreement, (ii) the Second Lien Agent, including its professionals, to the extent
 provided by the Second Lien Credit Agreement (only to the extent the Class of Second Lien
 Lender Secured Claims votes in favor of the Plan), and (iii) the First Lien Steering
 Committee, including its professionals, in connection with the Chapter 11 Cases shall be
 paid by the Debtors or Reorganized Debtors, as applicable, within 15 days of receipt of an
 invoice from such parties or their advisors.

8 4. Post-Effective Date Fees and Expenses: Except as otherwise specifically
 provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the
 ordinary course of business and without any further notice to or action, order, or approval of
 the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and
 expenses related to implementation and Consummation incurred by the Reorganized
 Debtors and the First Lien Steering Committee. The Reorganized Debtors shall also pay in
 Cash the reasonable legal, professional, or other fees and expenses of the Creditors'
 Committee incurred in connection with (i) the resolution of applications for Professional
 Claims and (ii) all matters related to the auction and sale of the Arizona Assets. Upon the
 Effective Date, any requirement that Professionals comply with sections 327 through 331
 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered
 after such date shall terminate, and the Reorganized Debtors may employ and pay any
 Professional in the ordinary course of business without any further notice to or action, order,
 or approval of the Bankruptcy Court.

17 5. Substantial Contribution Compensation and Expenses: Except as otherwise
 specifically provided in the Plan, any Entity who requests compensation or expense
 reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to
 sections 503(b)(3), (4), and (5) of the Bankruptcy Code must File an application and serve
 such application on counsel for the Debtors or Reorganized Debtors, as applicable, and the
 First Lien Steering Committee and the Creditors' Committee, and as otherwise required by
 the Bankruptcy Court and the Bankruptcy Code on or before the Administrative Claim Bar
 Date or be forever barred from seeking such compensation or expense reimbursement.

22 B. Other Administrative Claims: All requests for payment of an Administrative Claim
 must be Filed with the Claims and Solicitation Agent and served upon counsel to the
 Debtors or Reorganized Debtors, as applicable, and the First Lien Steering Committee on or
 before the Administrative Claim Bar Date. Any request for payment of an Administrative
 Claim that is not timely Filed and served shall be disallowed automatically without the need
 for any objection by the Debtors, Reorganized Debtors, or the First Lien Steering
 Committee. The Reorganized Debtors may settle and pay any Administrative Claim in the
 ordinary course of business without any further notice to or action, order, or approval of the
 Bankruptcy Court. In the event that any party with standing objects to an Administrative
 Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative

1 |||Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim
need be Filed with respect to an Administrative Claim previously Allowed by Final Order.

ARTICLE X.

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation: The following are conditions precedent to Confirmation that must be satisfied or waived in accordance with Article X.C:

1. The Bankruptcy Court shall have approved the Disclosure Statement, in a manner acceptable to the Plan Proponent, as containing adequate information with respect to the Plan within the meaning of section 1125 of the Bankruptcy Code.

2. The Confirmation Order shall be in form and substance acceptable to the Plan Proponent.

3. The terms and conditions of employment or retention of any Persons proposed to serve as officers or directors of Newco, including, without limitation, as to compensation, shall be acceptable to the Plan Proponent and shall be disclosed at or prior to the Confirmation Hearing.

4. Any disclosures made pursuant to 11 U.S.C. § 1129(a)(5) shall be acceptable to the Plan Proponent.

5. All of the schedules, documents, and exhibits ancillary to the Plan and Disclosure Statement including, but not limited to, (i) the Claim Purchase Schedule, (ii) the Litigation Trust Agreement, (iii) the Newco LLC Operating Agreement, (iv) the New First Lien Notes credit agreement, (v) the Schedule of Causes of Action, (vi) the Stock Transfer Agreement, and (vii) the Schedule of Assumed Executory Contracts and Unexpired Leases shall be in form and substance acceptable to the Plan Proponent.

B. Conditions Precedent to the Effective Date: The following are conditions precedent to Consummation that must be satisfied or waived in accordance with Article X.C:

1. The Bankruptcy Court shall have authorized the assumption and rejection of executory contracts and unexpired leases by the Debtors as contemplated by Article V.

2. The Confirmation Order shall have become a Final Order in form and substance acceptable to the Plan Proponent.

3. All of the schedules, documents, and exhibits ancillary to the Plan and Disclosure Statement including, but not limited to, (i) the Claim Purchase Schedule, (ii) the Litigation Trust Agreement, (iii) the Newco LLC Operating Agreement, (iv) the New First Lien Notes credit agreement, (v) the Schedule of Causes of Action, (vi) the Stock Transfer Agreement, and (vii) the Schedule of Assumed Executory Contracts and Unexpired Leases shall be in form and substance acceptable to the Plan Proponent.

1 4. The documents governing the New First Lien Notes and the Newco LLC
 2 Operating Agreement shall be in form and substance acceptable to the Plan Proponent.

3 5. The Confirmation Date shall have occurred.

4 6. The First Lien Steering Committee shall have designated and replaced each
 5 existing Qualified Employee of the Debtors with a new Qualified Employee for the
 Reorganized Debtors.

6 7. The third party debt outstanding on the Rhodes Ranch Golf Course shall be
 7 refinanced on terms and conditions acceptable to Rhodes and the First Lien Steering
 8 Committee and the personal loan of James Rhodes to the entity that owns the Rhodes Ranch
 9 Golf Course shall have been contributed as equity without any new equity being issued to
 James Rhodes and James Rhodes shall have provided the Debtors, the Reorganized Debtors,
 Newco and the entity that owns the Rhodes Ranch Golf Course an indemnity for any
 liability arising from the contribution of such loan.

11 8. The Arizona Assets Bid Procedures Order shall have been entered by the
 12 Bankruptcy Court and not been stayed, reversed or appealed.

13 9. The tax structure set forth in Article IV.F shall be implemented.

14 10. The Rhodes Entities shall have performed all of their obligations under the
 15 Plan including, without limitation, depositing \$2.3 million in Cash in an account designated
 16 by the Debtors, with the consent of the First Lien Steering Committee, and transferred the
 equity in the entity that owns the Rhodes Ranch Golf Course and related contracts and assets
 as required by Article IV.S. to the Reorganized Debtors.

17 C. Waiver of Conditions Precedent: The First Lien Steering Committee may waive
 18 any of the conditions to the Effective Date at any time, without any notice to parties in
 interest and without any further notice to or action, order, or approval of the Bankruptcy
 Court, and without any formal action other than proceeding to confirm or consummate the
 Plan; provided, that the First Lien Steering Committee will not waive the conditions
 precedent in items X.B.6 through 12 above if the Rhodes Entities shall have complied with
 21 all of their obligations hereunder by the Effective Date (or such earlier date specifically set
 forth herein). In the event the Rhodes Entities fail to comply with any of their obligations
 22 under the Mediation Term Sheet (as modified by the Plan) or under the Plan by the Effective
 Date (or such earlier date specifically set forth herein) and fail to cure such alleged breach
 23 within ten (10) days' written notice to the Rhodes Entities, then the First Lien Steering
 Committee shall be entitled to file a motion on at least seven (7) days notice to (i) determine
 25 that a breach has occurred (except that the failure of the parties to agree on the refinancing
 of the Rhodes Ranch Golf Course solely as a result of the First Lien Steering Committee
 acting unreasonably or in bad faith shall not be deemed a failure of the Rhodes Entities to
 27 comply with their obligations hereunder), and the Rhodes Entities reserve their right to
 object to such motion; (ii) modify the Plan to remove any provisions hereof that were
 included for the benefit of the Rhodes Entities; and (iii) consummate the Plan, as modified.
 28 Upon entry of an order of the Bankruptcy Court finding a breach by the Rhodes Entities and

1 authorizing the modifications to the Plan to remove any provisions that were included for
 2 the benefit of the Rhodes Entities, the First Lien Steering shall be authorized to make such
 3 modifications and consummate the Plan.

4 D. Effect of Non-Occurrence of Conditions to Consummation: Each of the conditions
 5 to Consummation must be satisfied or duly waived pursuant to Article X.C, and
 6 Consummation must occur within 180 days of Confirmation, or by such later date
 7 established by Bankruptcy Court order. If Consummation has not occurred within 180 days
 8 of Confirmation, then upon motion by a party in interest made before Consummation and a
 9 hearing, the Confirmation Order may be vacated by the Bankruptcy Court; provided,
 10 however, that notwithstanding the Filing of such motion to vacate, the Confirmation Order
 11 may not be vacated if Consummation occurs before the Bankruptcy Court enters an order
 12 granting such motion. If the Confirmation Order is vacated pursuant to Article X.D. or
 13 otherwise, then except as provided in any order of the Bankruptcy Court vacating the
 14 Confirmation Order, the Plan will be null and void in all respects, including the discharge of
 15 Claims and termination of Interests pursuant to the Plan and section 1141 of the Bankruptcy
 16 Code and the assumptions, assignments, or rejections of executory contracts or unexpired
 17 leases pursuant to Article V, and nothing contained in the Plan or Disclosure Statement
 18 shall: (1) constitute a waiver or release of any Claims, Interests, or Causes of Action; (2)
 19 prejudice in any manner the rights of the Debtors, the First Lien Steering Committee or any
 20 other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking of any
 21 sort by the Debtors, the First Lien Steering Committee or any other Entity.

22 E. Satisfaction of Conditions Precedent to Confirmation: Upon entry of a
 23 Confirmation Order acceptable to the Plan Proponent, each of the conditions precedent to
 24 Confirmation, as set forth in Article X.A, shall be deemed to have been satisfied or waived
 25 in accordance with the Plan.

ARTICLE XI.

MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

26 A. Modification and Amendments: The First Lien Steering Committee shall not
 27 modify materially the terms of the Plan without the prior consent of the parties to the
 28 Mediation Term Sheet; provided, that in the event the Rhodes Entities fail to comply with
 1 any of their obligations under the Mediation Term Sheet (as modified by the Plan) or the
 2 Plan by the Effective Date (or such other date set forth herein) and fail to cure such alleged
 3 breach within ten (10) days' written notice to the Rhodes Entities, then the First Lien
 4 Steering Committee shall be entitled to file a motion on at least seven (7) days notice to (i)
 5 determine that a breach has occurred (except that the failure of the parties to agree on the
 6 refinancing of the Rhodes Ranch Golf Course solely as a result of the First Lien Steering
 7 Committee acting unreasonably or in bad faith shall not be deemed a failure of the Rhodes
 8 Entities to comply with their obligations hereunder), and the Rhodes Entities reserve their
 9 right to object to such motion; (ii) modify the Plan to remove any provisions hereof that
 10 were included for the benefit of the Rhodes Entities; and (iii) consummate the Plan, as
 11 modified. Upon entry of an order of the Bankruptcy Court finding a breach by the Rhodes
 12 Entities and authorizing the modifications to the Plan to remove any provisions that were
 13 included for the benefit of the Rhodes Entities, the First Lien Steering shall be authorized to

1 make such modifications and consummate the Plan. Except as otherwise specifically
 2 provided in the Plan, the Plan Proponent reserves the right to modify the Plan and seek
 3 Confirmation consistent with the Bankruptcy Code. Subject to certain restrictions and
 4 requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019
 5 and those restrictions on modifications set forth in the Plan, the Plan Proponent expressly
 6 reserves its rights to revoke, withdraw, alter, amend, or modify materially the Plan with
 7 respect to any Debtor, one or more times, after Confirmation, and, to the extent necessary,
 8 may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or
 9 remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure
 10 Statement, or the Confirmation Order, in such matters as may be necessary to carry out the
 11 purposes and intent of the Plan. Any such modification or supplement shall be considered a
 12 modification of the Plan and shall be made in accordance with Article XI.A. The Plan,
 13 Disclosure Statement and all ancillary documents may be inspected in the office of the clerk
 14 of the Bankruptcy Court or its designee during normal business hours, at the Bankruptcy
 15 Court's website at <http://www.nvb.uscourts.gov>. All documents to be entered into in
 16 connection with the consummation of the Plan as described in the Plan and/or Disclosure
 17 Statement are integral to the Plan and shall be approved by the Bankruptcy Court pursuant to
 18 the Confirmation Order.

19 B. Effect of Confirmation on Modifications: Entry of a Confirmation Order shall mean
 20 that all modifications or amendments to the Plan since the solicitation thereof are approved
 21 pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure
 22 or resolicitation under Bankruptcy Rule 3019.

23 C. Revocation or Withdrawal of Plan: The Plan Proponent reserves the right to revoke
 24 or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of
 25 reorganization; provided, that, any subsequently filed plan shall be consistent with the
 26 Mediation Settlement unless the Rhodes Entities fail to comply with any of their obligations
 27 under the Mediation Term Sheet (as modified by the Plan) or the Plan by the Effective Date
 28 (or such other date set forth herein) and fail to cure such alleged breach within ten (10) days'
 written notice to the Rhodes Entities, in which case the First Lien Steering Committee shall
 be entitled to file a motion on at least seven (7) days notice to (i) determine that a breach has
 occurred (except that the failure of the parties to agree on the refinancing of the Rhodes
 Ranch Golf Course solely as a result of the First Lien Steering Committee acting
 unreasonably or in bad faith shall not be deemed a failure of the Rhodes Entities to comply
 with their obligations hereunder or under the Plan), and the Rhodes Entities reserve their
 right to object to such motion; (ii) revoke or withdraw the Plan as a result of such breach;
 and (iii) file a subsequent plan that removes the benefits provided to the Rhodes Entities
 pursuant to the Mediation Settlement. If the Plan Proponent revokes or withdraws the Plan,
 or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void
 in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing
 or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of
 executory contracts or unexpired leases effected by the Plan, and any document or
 agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing
 contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests;
 (b) prejudice in any manner the rights of the Plan Proponent or any other Entity; or

1 || (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Plan
2 || Proponent or any other Entity.

ARTICLE XII. RETENTION OF JURISDICTION

5 Notwithstanding the entry of the Confirmation Order and the occurrence of the
6 Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters
arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a)
and 1142 of the Bankruptcy Code, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the
8 priority, Secured or unsecured status, or amount of any Claim or Interest, including the
9 resolution of any request for payment of any Administrative Claim and the resolution of any
0 and all objections to the Secured or unsecured status, priority, amount, or allowance of
Claims or Interests;

1 2. Decide and resolve all matters related to the granting and denying, in whole
2 or in part, of any applications for allowance of compensation or reimbursement of expenses
to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. Resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Cure or Claims arising therefrom, including Cure or Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any executory contract or unexpired lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V, any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

0 4. Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

4 6. Adjudicate, decide, or resolve any and all matters related to Causes of
Action;

7. Adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

8. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments,

1 releases, indentures, and other agreements or documents created in connection with the Plan
 2 or the Disclosure Statement;

3 9. Enter and enforce any order for the sale of property pursuant to sections 363,
 4 1123, or 1146(a) of the Bankruptcy Code including, without limitation, the Arizona Assets
 5 Sale Order;

6 10. Resolve any cases, controversies, suits, disputes, or Causes of Action that
 7 may arise in connection with the Consummation, interpretation, or enforcement of the Plan
 8 or any Entity's obligations incurred in connection with the Plan;

9 11. Resolve any disputes with respect to the Debtors or Reorganized Debtors
 10 performance bonds guaranteed by the Rhodes Entities or other matters contemplated by
 11 Article IV.X.

12 12. Issue injunctions, enter and implement other orders, or take such other
 13 actions as may be necessary or appropriate to restrain interference by any Entity with
 14 Consummation or enforcement of the Plan;

15 13. Resolve any cases, controversies, suits, disputes, or Causes of Action with
 16 respect to the releases, injunctions, and other provisions contained in Article VIII and enter
 17 such orders as may be necessary or appropriate to implement such releases, injunctions, and
 18 other provisions;

19 14. Resolve any cases, controversies, suits, disputes, or Causes of Action with
 20 respect to the repayment or return of distributions and the recovery of additional amounts
 21 owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VII.E;

22 15. Enter and implement such orders as are necessary or appropriate if the
 23 Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

24 16. Determine any other matters that may arise in connection with or related to
 25 the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument,
 26 release, indenture, or other agreement or document created in connection with the Plan or
 27 the Disclosure Statement;

28 17. Enter an order or Final Decree concluding or closing the Chapter 11 Cases;

1 18. Adjudicate any and all disputes arising from or relating to distributions under
 2 the Plan;

3 19. Consider any modifications of the Plan, to cure any defect or omission, or to
 4 reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation
 5 Order;

6 20. Determine requests for the payment of Claims entitled to priority pursuant to
 7 section 507 of the Bankruptcy Code;

21. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

22. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

23. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment of any employee, regardless of whether such termination occurred prior to or after the Effective Date;

24. Enforce all orders previously entered by the Bankruptcy Court; and

25. Hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XIII. MISCELLANEOUS PROVISIONS

A. **Immediate Binding Effect:** Subject to Article X.B. and notwithstanding Bankruptcy Rules 3020(e), 6004(g), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan or herein, each Entity acquiring property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtors.

B. Additional Documents: On or before the Effective Date, the Plan Proponent may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, the First Lien Steering Committee and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees: All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

D. Dissolution of Creditors' Committee: Upon the Effective Date, the Creditors' Committee shall dissolve automatically (except with respect to (i) the resolution of applications for Professional Claims and (ii) all matters related to the auction and sale of the Arizona Assets), and members thereof shall be released and discharged from all rights,

1 duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Cases and
 2 under the Bankruptcy Code.

3 E. Reservation of Rights: Except as expressly set forth in the Plan, the Plan shall have
 4 no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of
 5 the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any
 6 action by any Debtor with respect to the Plan, the Disclosure Statement, or any documents
 7 ancillary to either the Plan or the Disclosure Statement, shall be deemed to be an admission
 8 or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests prior
 9 to the Effective Date.

10 F. Successors and Assigns: The rights, benefits, and obligations of any Entity named
 11 or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir,
 12 executor, administrator, successor or assign, affiliate, officer, director, agent, representative,
 13 attorney, beneficiaries, or guardian, if any, of each Entity.

14 G. Service of Documents:

15 1. After the Effective Date, any pleading, notice, or other document required by
 16 the Plan to be served on or delivered to the Reorganized Debtors shall be served on:

Debtors	Counsel to the Debtors
The Rhodes Companies, LLC 4730 South Fort Apache Road Suite 300 Las Vegas, NV 89147	Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Boulevard #1100 Los Angeles, CA 90067 Attn: James I. Stang Shirley S. Cho Werner S. Disse
	Larson & Stephens 810 S. Casino Center Boulevard Suite 104 Las Vegas, NV 89101 Attn: Zachariah Larson
United States Trustee	Counsel to the First Lien Steering Committee

1	United States Trustee – LV-11 300 Las Vegas Boulevard S. Suite 4300 Las Vegas, NV 89101 Attn: Edward M. McDonald	Akin Gump Strauss Hauer & Feld One Bryant Park New York, NY 10036 Attn: Philip C. Dublin Abid Qureshi
2		Kolesar & Leatham, Chtd. 3320 West Sahara Avenue Suite 380 Las Vegas, NV 89102 Attn: Nile Leatham
3	Counsel to the Creditors' Committee	Counsel to First Lien Agent
4	Parsons Behle & Latimer 201 S. Main St., Suite 1800 Salt Lake City, Utah 84111 Attn: J. Thomas Beckett	Skadden, Arps, Slate, Meagher & Flom LLP 300 South Grand Avenue, Suite 3500 Los Angeles, CA 90071 Attn: Van C. Durrer II Ramon M. Naguiat
5		
6	Parsons Behle & Latimer 50 West Liberty Street, Suite 750 Reno, Nevada 89501 Attn: Rew Goodenow	
7		
8		
9		
10		
11		
12		
13		
14		

15 2. After the Effective Date, the Reorganized Debtors have authority to send a
 16 notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002,
 17 they must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002.
 18 After the Effective Date, the Reorganized Debtors are authorized to limit the list of Entities
 19 receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed
 such renewed requests.

20 3. In accordance with Bankruptcy Rules 2002 and 3020(c), within ten business
 21 days of the date of entry of the Confirmation Order, the Plan Proponent shall serve the
 22 Notice of Confirmation by United States mail, first class postage prepaid, by hand, or by
 23 overnight courier service to all parties having been served with the Confirmation Hearing
 24 Notice; provided, however, that no notice or service of any kind shall be required to be
 25 mailed or made upon any Entity to whom the Plan Proponent mailed a Confirmation
 26 Hearing Notice, but received such notice returned marked “undeliverable as addressed,”
 27 “moved, left no forwarding address” or “forwarding order expired,” or similar reason, unless
 28 the Plan Proponent has been informed in writing by such Entity, or is otherwise aware, of
 that Entity’s new address. To supplement the notice described in the preceding sentence,
 within twenty days of the date of the Confirmation Order, the First Lien Steering Committee
 shall publish the Notice of Confirmation once in the Vegas Sun. Mailing and publication of
 the Notice of Confirmation in the time and manner set forth in the this paragraph shall be
 good and sufficient notice under the particular circumstances and in accordance with the
 requirements of Bankruptcy Rules 2002 and 3020(c), and no further notice is necessary.

1 H. Term of Injunctions or Stays: Unless otherwise provided in the Plan or in the
 2 Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to
 3 sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and
 4 extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or
 5 the Confirmation Order) shall remain in full force and effect until the Effective Date. All
 6 injunctions or stays contained in the Plan or the Confirmation Order shall remain in full
 7 force and effect in accordance with their terms.
 8

9 I. Entire Agreement: Except as otherwise indicated, the Plan supersedes all previous
 10 and contemporaneous negotiations, promises, covenants, agreements, understandings, and
 11 representations on such subjects, all of which have become merged and integrated into the
 12 Plan.
 13

14 J. Governing Law: Unless a rule of law or procedure is supplied by federal law
 15 (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically
 16 stated, the laws of the State of Nevada, without giving effect to the principles of conflict of
 17 laws, shall govern the rights, obligations, construction, and implementation of the Plan, any
 18 agreements, documents, instruments, or contracts executed or entered into in connection
 19 with the Plan (except as otherwise set forth in those agreements, in which case the governing
 20 law of such agreement shall control), and corporate governance matters; provided, however,
 21 that corporate governance matters relating to the Debtors or Reorganized Debtors, as
 22 applicable, not incorporated or organized in Nevada shall be governed by the laws of the
 23 state of incorporation or organization of the applicable Debtor or Reorganized Debtor, as
 24 applicable.
 25

26 K. Exhibits: All exhibits and documents ancillary to the Plan and/or the Disclosure
 27 Statement are incorporated into and are a part of the Plan as if set forth in full in the Plan.
 28 Copies of such exhibits and documents are available upon written request to the First Lien
 29 Steering Committee's counsel at the address above or by downloading such exhibits and
 30 documents from the Bankruptcy Court's website at <http://www.nvb.uscourts.gov>. To the
 31 extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise
 32 ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall
 33 control.
 34

35 L. Nonseverability of Plan Provisions: If, prior to Confirmation, any term or provision
 36 of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the
 37 Bankruptcy Court shall have the power to alter and interpret such term or provision to make
 38 it valid or enforceable to the maximum extent practicable, consistent with the original
 39 purpose of the term or provision held to be invalid, void, or unenforceable, and such term or
 40 provision shall then be applicable as altered or interpreted. Notwithstanding any such
 41 holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan
 42 will remain in full force and effect and will in no way be affected, impaired, or invalidated
 43 by such holding, alteration, or interpretation. The Confirmation Order shall constitute a
 44 judicial determination and shall provide that each term and provision of the Plan, as it may
 45 have been altered or interpreted in accordance with the foregoing, is: (1) valid and
 46 enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified
 47 without the Plan Proponent's consent; and (3) nonseverable and mutually dependent.
 48

M. Closing of the Chapter 11 Cases: The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

N. **Waiver or Estoppel:** Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, the First Lien Steering Committee or its counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. Conflicts: Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Mediation Term Sheet or any order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

Las Vegas, Nevada
Dated: February 18, 2010

FIRST LIEN STEERING COMMITTEE

By: /s/ Philip C. Dublin
Nile Leatham (NV Bar No. 002838)
KOLESAR & LEATHAM
Wells Fargo Financial Center
3320 W. Sahara Ave.
Las Vegas, NV 89102
(702) 979-2357 (Telephone)
(702) 362-9472 (Facsimile)
Nleatham@klnevada.com

AKIN GUMP STRAUSS HAUER & FELD LLP
Philip C. Dublin (NY Bar No, 2959344)
Abid Qureshi (NY Bar No. 2684637)
One Bryant Park
New York, New York 10036
(212) 872-1000 (Telephone)
(212) 872-1002 (Facsimile)
pdublin@akingump.com
aqureshi@akingump.com

Counsel for the First Lien Steering Committee

1 LIST OF EXHIBITS
2
3

<u>Exhibit</u>	<u>Description</u>
1	Mediation Term Sheet
2	Term Sheet for New First Lien Notes

AKIN GUMP STRAUSS HAUER & FIELD LLP
One Bryant Park
New York, New York 10036
Tel: 212.872.1000 Faxsimile: 212.872.1002 / akingump.com